Daily Report

Latin America

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CONTENTS

NOTICE TO READERS: An Ω indicates a Foreign Media Note.

INTERNATIONAL AFFAIRS

Four Nations Propose Alternate Whale Sanctuary Plan *[Tokyo KYODO]* 1
Cairns Group Closes Annual Meeting in Montevideo *[EL PAIS 21 May]* 1

INTER-AMERICAN AFFAIRS

Foreign Ministers Endorse Cuba's Return to OAS *[NOTIMEX]* 2
Presidents Reassert Cartagena Agreement *[Madrid EFE]* 2
Andean Group To Celebrate 25th Anniversary 26 May *[Madrid EFE]* 3

CARIBBEAN

Cuba

GRANMA Calls Clinton 20 May Statement 'Insulting,' 'Cynical' *[Havana Radio]* 4
Further Reportage on GRANMA Article *[Havana Radio]* 4
Gore's Central American Meeting Short of Expectations *[Havana Radio]* 5
ANPP President Alarcon on Visit to Great Britain *[Havana Radio]* 5
Raul Castro Visit to Havana Farms Concludes *[Havana Radio]* 6
Ministry Spokesman To Hold News Conferences *[NOTIMEX]* 6
Havana City Gas Enterprise Explains Outages *[Havana Radio]* 6
Breakdowns at Two Plants Affect Power Supply *[Havana Radio]* 6
Official on Ibero-American Summit Preparations *[Havana Radio]* 7

Barbados

Opposition Threatens To Oppose Pay Cut Issue *[Castries TV]* 7

Dominican Republic

JCE Concludes 'Initial Vote Count;' Balaguer Leads *[NOTIMEX]* 7
PRD Joins Vote Count Review Under Protest *[NOTIMEX]* 8
Five Bombs Explode in Esperanza Municipality *[NOTIMEX]* 8

Haiti

Balaguer Meets U.S. Envoy, Agrees To Close Border *[Port-au-Prince Radio]* 8
Trade Along Border Continues Following Embargo *[Madrid EFE]* 9
Foreign Ministry Condemns Diplomats' Interference *[AFP]* 9
Station Notes U.S. House Rejects Intervention *[Port-au-Prince Radio]* 10
Jonassaint Meets Lawmakers; Cedras Meets High Command *[Port-au-Prince Radio]* 10
U.S. Warships Noted Offshore; Warning Shots Reported *[Port-au-Prince Radio]* 10
General Director of National Defense Appointed *[Port-au-Prince Radio]* 11
MDN Forms Committee To Consult With Government *[Port-au-Prince Radio]* 11
FRDH Asks Cedras To Respect Governors Island Agreement *[Port-au-Prince Radio]* 11

St. Kitts and Nevis

Correction to Finanacial Officals Urge Caution on NAFTA 11

St. Lucia

Antigua and Barbuda PM Lester Bird Addresses OECS *[Castries TV]* 11

MEXICO

Federal Police Commander Found Murdered in Car *[Madrid EFE]* 13
Candidates React to Clash Between Zedillo, UNAM Students *[Mexico City Radio]* 13
Secretary: No 'Expeditious Elimination' of Tariffs *[EL FINANCIERO 25 May]* 14
Mexico To Negotiate Lifting Tariffs in NAFTA *[LA JORNADA 23 May]* 14
Archbishop: Attorney General's Office Involved in Drug Trafficking *[LA JORNADA 24 May]* 15
PRI Candidate for Chiapas Governorship Speaks *[LA JORNADA 24 May]* 16

CENTRAL AMERICA

Costa Rica

Figueres To Review U.S. Proposal on Haitian Refugees *[ACAN]* 18

El Salvador

Onusal Head Confirms Plan To Verify PNC Training *[San Salvador TV]* 18
Cristiani Refutes PNC Militarization Charges *[San Salvador TV]* 18

Nicaragua

FSLN Bloc Unanimously Rejects Ramirez Resignation *[BARRICADA 25 May]* 19
FSLN's Arce Doubts Ramirez' Replacement *[BARRICADA 24 May]* 19
Ramirez To Remain in Party *[Managua Radio]* 20
Finance Minister Discusses Sandinist Congress, Economy *[Managua Radio]* 20

Panama

ARI General Manager Contemplates Resignation *[Panama City TV]* 22
ARI Board Accepts Resignation *[Panama City TV]* 22
Foreign Minister-Designate Interviewed *[Panama City TV]* 22

SOUTH AMERICA

Argentina

Menem: Not 'Much Hurry' for U.S.-Wanted Patents Law *[NOTICIAS ARGENTINAS]* 29
Di Tella Says UK 'Obstructs' Government Relations *[Buenos Aires Radio]* 29
Constituent Assembly Officers Elected *[NOTICIAS ARGENTINAS]* 29
Roundup of Economic Reports *[CLARIN 23 May, etc.]* 30
Correction to Criminal Court Upholds Dismissal 30

Bolivia

Roundup of Economic Reports *[PRESENCIA 16 May, etc.]* 30

Brazil

U.S. Regional Trade Blocs, Bilateral Accords Examined *[GAZETA MERCANTIL 24 May]* 30
Foreign Minister Wants Import Control Laws *[AGENCIA ESTADO]* 31
Economist Views Foreign Reserves Level *[GAZETA MERCANTIL 24 May]* 31
U.S. Official's Talks With PT Termed 'Tough' *[O GLOBO 26 May]* 32
PT Platform Includes Temporary Tax on Fortunes *[FOLHA DE SAO PAULO 25 May]* 33

Chile

Businessmen Reject U.S. Conditions for Free Trade Agreement *[Madrid EFE]* 33
Minister 'Very Confident' About Border Talks With Argentina *[Madrid EFE]* 33
Government, EU Reach Agreement on Apples, Pears *[Madrid EFE]* 34

Colombia

Medellin Militia, Government Sign 'Peace Treaty' *[Santa Fe de Bogota TV]* 34
Opposing Groups Burn 10 Buses in Medellin *[Santa Fe de Bogota Radio]* 35
Valle Drug Group Consolidates Power, Report Claims *[EL TIEMPO 23 May]* 36
Bank Secrecy Lifted in Attorney General Investigations *[Santa Fe de Bogota TV]* 36
'Unprecedented' Election Security Measures Planned *[Santa Fe de Bogota Radio]* 37

Paraguay

Wasmosy: 'Will Do My Utmost Not To Dissolve Congress' *[Madrid EFE]* 37
Uruguay's Abreu Signs Pact on Stolen Cars, Departs *[ABC COLOR 26 May]* 37
Foreign Debt Drops 1.4 Percent Compared With 1993 *[ULTIMA HORA 17 May]* 38

Peru

Colombian Drug Cartel Planes Destroyed; Crew Escapes *[Madrid EFE]* 38
MRTA Allegedly Protect Foreign Drug 'Firms' *[EXPRESO 18 May]* 38
'War Duties' Used To Finance Overseas Links *[EXPRESO 13 May]* 38
Goldenberg Discusses Ibero-American Summit Issues *[Madrid EFE]* 39
Roundup of Economic Reports *[LA REPUBLICA 14 May, etc.]* 40

Venezuela

OCI Director Denies Rumors of Cabinet Changes *[Caracas Radio]* 40
Minister Discusses Perez Arrest, Other Issues *[EL GLOBO 22 May]* 40
Inflation Rate Increases; Worst Rate in Andean Pact *[EL NACIONAL 22 May]* 43
Minister Rejects Firearm Use To Quell Protests *[Caracas Radio]* 44

Four Nations Propose Alternate Whale Sanctuary Plan

OW2505070094 Tokyo KYODO in English 0608 GMT 25 May 94

[Text] Puerto Vallarta, Mexico, May 24 KYODO—Four nations advanced an alternative proposal Tuesday [24 May] to a plan for imposing a whale sanctuary in the Antarctic that would virtually bar Japan and other whaling nations from resuming commercial whaling.

Chile, Argentina, Sweden and Switzerland jointly put the new proposal forward at a session of the International Whaling Commission (IWC) here, conference sources said.

The compromise plan appeared to stand a better chance of being approved than the original French-led proposal, the sources said. Of its joint sponsors, Chile voted against and Mexico for a similar sanctuary plan at last year's meeting while the remaining two abstained.

The revised plan is a scaled-back version of the drastic French proposal which would ban whaling in a vast area of the southern hemisphere that stretches from latitude 40 degrees south to the shores of the Antarctica, they said.

The fresh proposal, however, if adopted, would mandate a ban on any hauls of minke whales, the last large whales to have survived the modern whaling era, whose numbers are estimated by the IWC at 760,000.

Japan, where whale meat consumption is considered customary, has been calling for exclusion of minke whales from protection under the sanctuary formula.

The proposal, however, corresponds with the Japanese proposal in that it would pare down the scope of the French-proposed sanctuary to a narrower area that stretches from latitude 55 to 60 degrees south to the Antarctic shores.

It would authorize hunting of sei whales, which make an annual migratory tour throughout a vast aquatic range stretching to the equator. Sei whales are reportedly endangered. It would also allow whaling in the 200-nautical-mile zone off the shores of Chile, one of the four proponents of the proposal.

Cairns Group Closes Annual Meeting in Montevideo

PY2705010194 Montevideo EL PAIS in Spanish 21 May 94 p 21

["Dumping" published in English throughout item]

[Text] "We are 14 very different countries, but we have some common interests. We acknowledge that after the GATT's Uruguay Round we have achieved a certain progress, but it is not enough. Therefore, from now on we will redouble efforts in order to obtain other advantages with less subsidies and a freer and more clear-cut agricultural trade. And we are optimistic because we are now in a better position than when the Uruguay Round began."

With these words Australian Bob McMullan, president of the Cairns Group, summed up what was accomplished at the 14th meeting, which closed on 20 May in Montevideo after two days of debates.

Answering a battery of questions after he made the final declaration known, McMullan was able to explain future objectives: "We want free competition. The market does not matter as long as the principles of free and fair trade are respected. We are not attacking competition; we are defending it while pushing for a world without trade barriers."

McMullan, who is minister of trade and administrative services for his country, flatly denied Australia obtained benefits from Europe while the GATT negotiations were being held, and he indicated that the Cairns Group will evaluate the types of dumping that some nations carry out. "We are not referees," he said, "but we will be ready to revise every type of unfair practice that is carried out in order to be able to fight it."

The Canadian and Argentine representatives were obliged to speak due to the sale of Canadian wheat to Brazil that is an Argentine concern. The Canadian representative [not further identified] said: "The price of our wheat is the same as other market prices. We do not carry out unfair trade and there is nothing irregular or illegal in our procedures." Argentine Agriculture Secretary Felipe Sola said: "The Cairns Group is not a referee that has to decide bilateral situations, and we have not come here to ask for explanations. What we have proposed is that from now on the group will study the dumping situations, and then it will fight them if it considers them unfair."

Asked about this point, Uruguayan Agriculture and Fishing Minister Pedro Saravia stated that from now on, the Cairns Group must look into matters that could influence free trade in the future, such as the social aspects of labor and environmental topics.

Regarding the group's functioning, it will continue its annual meetings, and it has been agreed that the next meeting of ministers will be held in the Philippines in May or June 1995, "although if circumstances demand it, we will meet before that date," McMullan said.

It has been agreed that from now on some of the countries will have the responsibility of closely following some matters and they will draft reports to submit to the other countries. In this respect, Argentina will evaluate matters pertaining to dumping, Chile will do the same regarding world trade in fruit and vegetables, the Philippines will evaluate the fishing industry, and Australia will look into the matter of agricultural subsidies and try to evaluate them in precise terms.

Foreign Ministers Endorse Cuba's Return to OAS

PA2605125994 Mexico City NOTIMEX in Spanish 1916 GMT 24 May 94—FOR OFFICIAL USE ONLY

[By Miriam Mercado]

[Text] Tegucigalpa, 24 May (NOTIMEX)—The foreign ministers of Costa Rica, Nicaragua, Honduras, and Panama consider it urgent for the OAS to debate Cuba's return to the hemispheric organization.

Costa Rican Foreign Minister Fernando Naranjo told NOTIMEX the government of Jose Maria Figueres, who was sworn in on 8 May, will review its relations with Cuba. "The Cuban people have been greatly harmed by a blockade that has lasted many decades, and we believe the Cuban problem should be discussed within the OAS," Naranjo said. He stated: "In a matter of months, Costa Rica will approach the OAS concerning what we believe should be a revision of the Cuban situation," the Costa Rican minister added.

We do not rule out the possibility of analyzing Cuba's situation at the next OAS general assembly, which is scheduled to be held in Belen do Para, Brazil, from 6 to 10 June, the Honduran Foreign Ministry reported.

Haiti's problem is another case that must be analyzed within the OAS, Naranjo said. The strengthening of the democratic system, the human rights issue, and the integration process are part of the topics in the agenda for the next OAS general assembly in Brazil.

Moreover, Nicaraguan Foreign Minister Ernesto Leal told NOTIMEX that, "in Cuba's specific case, the world has changed, and we believe Cuba must return to the OAS."

Honduran Foreign Minister Ernesto Paz Aguilar said "Cuba is a brother country that belongs to the American hemisphere and it must be reinstated in the OAS."

Panamanian Deputy Foreign Minister Carlos Cordero Gonzalez said he "disagrees" with the blockade enforced by the United States against Cuba for more than 30 years. "The case of the Cuban embargo must be discussed at the OAS because this is apparently the last remnant of the Cold War redoubt," Cordero said.

Guatemalan Foreign Minister Marithza Ruiz de Vielman emphasized that the president of her country, Ramiro de Leon Carpio, has yet to define what position he will adopt concerning the Cuban case.

Salvadoran Foreign Minister Miguel Angel Salaverria revealed a position similar to the one adopted by Guatemala when he said President Alfredo Cristiani's administration has yet to discuss the Cuban issue.

Presidents Reassert Cartagena Agreement

PY2705011994 Madrid EFE in Spanish 2303 GMT 26 May 94

[Text] Lima 26 May (EFE)—Today, the presidents of Bolivia, Colombia, Ecuador, Peru, and Venezuela reasserted their commitment to the integration process of the Andean Group (GRAN) or Cartagena Agreement on the occasion of its 25th anniversary.

The five presidents expressed their support for the Andean integration process in separate communiques issued here today by the Cartagena Agreement Board (JUNAC), the GRAN's technical and executive body.

Bolivian President Gonzalo Sanchez de Lozada stated the common problems affecting Andean countries are the basic factor in their unity. He added: "More than ever before, the challenges and hopes the Andean Group represents still prevail."

Sanchez de Lozada stated: "With our creativity and effort, we still must strive to achieve a better life for our countries."

His Colombian colleague, Cesar Gaviria, stated on the occasion of GRAN's 25th anniversary, "we have to rejoice over the implementation of this idea that has made a great contribution to the unity of our countries." He added: "Today, trade is the great force behind economic development, integration, and the well-being of nations."

Gaviria asserted that in these two and a half decades, GRAN faced difficulties "because the prevailing protectionist practices undermined commercial and integration processes."

He added: "Today we hope the Andean Group will develop. We also hope to establish a common export tariff, although we are aware this does not constitute a goal in itself but a means for achieving a free trade zone throughout the entire continent of the Americas."

Ecuadoran President Sixto Duran-Ballen stressed the "integrating tradition" of GRAN members and reasserted his country's support for "the Andean integration process."

Duran-Ballen stated the Andean Group faces the immediate challenge of establishing an Andean free trade zone and helping Andean countries achieve "a level of modernization and proficiency that will allow them to achieve a definitive and advantageous presence in the international market."

Peruvian President Alberto Fujimori stated that his country shares with other Andean countries "a profound integrationist spirit." Fujimori explained that Peru temporarily withdrew from GRAN's economic process from August 1992 to April 1994 because of the serious domestic crisis his country was experiencing.

He added that today, Peru has been able to achieve economic stability and has reassumed "with great enthusiasm, the noble task we assumed with our Andean brothers a quarter of a century ago."

After noting that businessmen were skeptical about the Andean Group's success when it was implemented, Rafael Caldera, the president of Venezuela, which joined the Andean Group 23 years ago, praised the fact that private business has become the most important integration force.

Caldera added: "The celebration of the anniversary of one of the most effective and auspicious Latin American integrationist movements constitutes an auspicious event not only for its members but for all developing countries."

Andean Group To Celebrate 25th Anniversary 26 May

PY2605170494 Madrid EFE in Spanish 1557 GMT 25 May 94

[Excerpts] Lima, 25 (EFE)—On 26 May, the Andean Group will celebrate its 25th anniversary without having attained the objectives of social integration and an improvement in the living standards of all its inhabitants, who number some 100 million. [passage omitted]

On the occasion of its anniversary, the Andean authorities have issued a series of documents referring to the current status of the integration process. One of these documents admits that, despite the obvious progress made, "there are still great differences between the social groups within the member countries."

Therefore, it adds, "the challenge that the Andean countries, in an individual and collective manner, must undertake is to promote equal opportunities; grant the great majority access to the right to education, housing, and health; improve the living standards of the population emigrating from the rural areas to the cities; and strengthen the institutions of civil society."

The document explains that from a closed model at the beginning, the group has moved to an open one with automatic community mechanisms where the market system prevails, starting with genuine competitive advantages and the adjustment of community regulations to international levels.

According to the document, in 1993, the Andean GDP amounted to $142 billion and increased at a greater rate than its population, that is, at a 3.2 percent rate per year, "which means the Andean Group has increased its available assets and services." Per capita income in the Andean Group increased by three times between 1970 and 1993, going from $515 to $1,850.

Services have made the greatest contribution to the increase in GDP, with $70 billion which represents approximately half of the total $142 billion, followed by the manufacturing and agricultural sectors, which in 1993 amounted to $26 and $21 million respectively.

Inflation has been curbed and shows a tendency to decrease by a monthly average of 0.5 percent in Bolivia, 1.8 percent in Peru, 2.8 percent in Ecuador and Colombia, and 3.1 percent in Venezuela.

Trade between the Andean Group member countries has also increased. In the seventies, it amounted to $112 million and in 1993, it amounted to $2.88 billion, which represents approximately 10 percent of the Group's total exports of $29.459 billion. Foreign investments in the region have also increased, from $3.4 billion in the seventies to almost $14 million in 1993.

Cuba

GRANMA Calls Clinton 20 May Statement 'Insulting,' 'Cynical'

PA2605142594 Havana Radio Havana Cuba in Spanish 1300 GMT 26 May 94

[From the "Morning Information Review" newscast]

[Text] Today the daily GRANMA, organ of the Central Committee of the Communist Party of Cuba, describes the message delivered by U.S. President William Clinton on 20 May as insulting.

Under the title of "Pharisaism," journalist Felix Pita Astudillo recalls that today, 92 years after the United States installed a government in Cuba, it still wants to maintain annexationist ideas with the intention of annexing us, at any cost, into its new world order.

After pointing out the crudeness of the message's content, which seems more like an electoral diatribe directed at Miami rather than at Cuba, Pita Astudillo notes that the Cuban people are not interested in the freedom advocated by the United States because it is inhuman and falls under the every-man-for-himself philosophy.

The journalist notes that the wishes expressed by Clinton do not take into account the right to life, work, education, food, health, or housing in either Cuba or its neighboring Latin American countries. There is no reference whatsoever to the eradication of poverty, which requires well-balanced economic development and a better distribution of wealth, and it simply deals with age-old and worn-out references to individual civil liberties with a vague mention of the state of law.

Pita Astudillo describes as cynical the argument in defense of the blockade, which is aimed at making it impossible for the Cuban people to attain prosperity and satisfy their basic needs as well as making us surrender through hunger.

The GRANMA article notes that, in his message, President Clinton claims Cuba and the United States have a long history of cooperation and admiration. Pita Astudillo concedes that although this history is indeed long, it is filled with voraciousness and disdain toward the immoral dwarfs—the term the North Americans used to describe Cubans in the last century.

Finally, the journalist refers to the nerve it took to refer to Jose Marti as someone whose ideas are consistent with Clinton's policy, when it was precisely Marti who 105 years ago wrote: Cuba has never been seen by the United States as anything other than an savory possession whose only nuisance is its people, whom they view as impetuous, lazy, and loathsome.

Further Reportage on GRANMA Article

FL2705002294 Havana Radio Reloj Network in Spanish 1402 GMT 26 May 94

[Text] Today, 26 May, the newspaper GRANMA published an article entitled "Pharisaism," which points out that 20 May was the 92d anniversary of the (eunuch government) installed through U.S. military intervention in Cuba. The article reports that for the Cuban people, this date was an ill-fated moment in our history.

The article adds that President William Clinton, who is not Cuban and need not be, had decided to commemorate that castration with a 400-word message aired by anti-Cuban radio and television. Four miserly paragraphs are what this arrogant superpower produced to make pronouncements on today's Cuba and spread the unsolicited opinions of the U.S. Government. They did not have to deliver that message, but Clinton decided to do so, adhering to the old idea of annexation that today still manifests itself with insistence upon its desire to annex us to their new world order.

The crudeness of the U.S. President's communique suggests an electoral message directed more toward Miami than toward Cuba. GRANMA clarifies that in November, Floridians will vote and that several interests are at stake in that election. Perhaps this is why in the first of his four paragraphs, William Clinton describes the 35 years of the Cuban Revolution as an inhumane dictatorship, saying that he has a profound desire for Cuban people to live in liberty.

The Yankee president wants to believe that we Cubans are gullible sheep, that we will identify that inhumane dictatorship with the regime that preserved human dignity for the first time, and accustomed all Cubans to food and clothing and employment, something that the capitalist regime, prior to the Revolution, offered to only one-third of the work force.

GRANMA's article notes that if living in freedom means the Cuban people must return to 31 percent of the population having no education, 24 percent illiteracy among the adult population and 66 percent among children up to 10 years of age; a 49-percent unemployment rate; 32 percent of the homes having dirt floors and thatch roofs, 65 percent of these houses without running water, 72 percent without sanitary systems; 36 percent of the peasants infected with parasites, 31 percent of them suffering from malaria, and 14 percent of them suffering tuberculosis—just to quote a few indicators—then we really are not interested in that liberty, which is truly inhumane because it is the philosophy of every-man-for-himself.

In another part of his message, U.S. President William Clinton says the observance of democracy, human rights, and a government that reports to the people are the cornerstones considered in relations between the United States and Latin America, and Cuba does not comply with these requirements. Clinton made such comments

about the only government in this hemisphere, including the United States, that not only reports to its people, but in a supremely democratic procedure including millions of people, the only one of its kind, opens political issues such as Cuba's economic situation to public debate.

GRANMA asks: Where does the average American express his opinion on taxes or on the economic policies of Washington, either to support or to oppose the decisions of government, which are a select group of corporate plutocrats?

GRANMA points out that in his message, President William Clinton says he wants the same for us as for all the people of America. He then specifies what those wishes are: freedom of the press, freedom of speech, protection against arbitrary imprisonment, respect for a legitimate legal process, and a state of law.

GRANMA says that Clinton's message makes no reference to Cuba's nor to any of its Latin American neighbors' right to live, work, receive education, food, health care, and housing. There is no reference whatsoever to the elimination of poverty, which implies balanced economic development and better distribution of wealth.

All this stems from the old and well-known individual civil rights, which mean little or nothing to the deprived majority. It is just the same rhetoric as usual.

Gore's Central American Meeting Short of Expectations

PA2605144594 Havana Radio Havana Cuba in Spanish 1300 GMT 26 May 94

[From the "Morning Information Review" newscast]

[Text] The dialogue between the Central American chiefs of state and U.S. Vice President Al Gore resulted in the setting of conditions and promises that did not come anywhere near what had been expected.

For the six presidents who participated in the dialogue with Gore, it was most important to know the White House's position on the possibility of the Central American countries forming part of the free trade agreement signed by the United States, Canada, and Mexico. But for the United States, the objective of the minisummit was to prepare for the upcoming hemispheric summit President William Clinton convened in Miami for December.

Gore discounted any kind of short- or mid-term link between the Central American countries and NAFTA. Instead, the vice president offered his interlocutors a program that would only give textiles and apparel treatment equivalent to that provided under NAFTA.

Gore cautioned, however, that to benefit from this program, the Central American nations would have to open their domestic markets to U.S. textiles and apparel.

ANPP President Alarcon on Visit to Great Britain

PA2605202394 Havana Radio Havana Cuba in Spanish 0000 GMT 26 May 94

[Telephone interview with ANPP President Ricardo Alarcon de Quesada in London by reporter Francisca Paquita Calvo Zapata at the Radio Havana Cuba studios in Havana; date not given—recorded]

[Text] [Calvo] Ricardo Alarcon de Quesada, president of the National Assembly of the People's Government [ANPP], is in London having been invited by the British representatives of the Parliamentary Union. Radio Havana Cuba would like to ask Ricardo Alarcon his general impressions of the visit of a Cuban assemblymen's delegation to Great Britain.

[Alarcon] This visit has to be seen, first, within the framework of a specific reality. The British Parliament invites only two foreign delegations each year. This year, they decided to ask us to visit the UK. We accepted and discussed a date mutually convenient to the two countries, which was at this time. It allowed me to make this visit following the special session of the ANPP in early May, and here we are.

But I must point out that it is significant, in my judgment, that this country's parliament considered Cuba to be one of only two delegations to be invited this year. I have been here a little over two days, and we have not had a break. We have had meetings with the speaker, that is, with the president of the Parliament's House of Commons, who, together with the president of the House of Lords, invited me. We met with two parliamentary commissions today and with a group of British businessmen. Tomorrow we will have two more meetings with this country's businessmen and with the British Government's Caribbean Trade Advisory Commission. We also met today with the secretary of state, who is in charge of the Latin American and Caribbean area.

I would say it has been, or rather continues to be—I still have various meetings tomorrow and the day after tomorrow, and then we shall end the visit—a very intense, very useful stay during which many contacts were made and discussions held with many people on a level of great respect and cordiality. I think our British friends are capable of showing their guests much hospitality, and a certain degree of frankness, flexibility, and understanding, which is truly admirable.

[Calvo] How will this visit benefit the relationship between Cuba and Great Britain, and the European countries, in general?

[Alarcon] To tell you the truth, here we have been concentrating on Great Britain, which is a European country that has a lot of influence. Its conduct, its inclination, tends to attract followers from other European countries. I can tell you that it is clear that in the next few months there will be a follow-up on actions that were slowly taken this year, which I am sure will result in

more British activity in Cuba. We await—and that was decided in today's conversations—the visit of Great Britain's secretary of state for trade in September. The UK, Great Britain, has traditionally been linked to the Caribbean area. Remember that a large part of the Caribbean, from Jamaica to the Caribbean's eastern limits, was colonized by England, had a special link with the UK, is part of the Commonwealth, etc. The British have more knowledge of and more presence in the area. Based on that, they have a more reasonable, realistic policy, and a better understanding of the Cuban reality and the international reality that has allowed them, through frank dialogue with Cuban authorities, to slowly build a relationship that grows more cordial and natural every day.

Raul Castro Visit to Havana Farms Concludes

FL2705004094 Havana Radio Rebelde Network in Spanish 2300 GMT 25 May 94

[Text] The visit by Army General Raul Castro, minister of the Revolutionary Armed Forces [FAR], heading a delegation from the Ministry of the FAR and the Youth Labor Army [EJT] to EJT integral farms in Havana Province has concluded.

Today's report covers diverse aspects of the efforts of this military division, ranging from task work, personnel, production, and equipment to workers' welfare and productivity. This EJT division, which was created seven months ago, tends 50 percent of Havana's lands and is already attaining significant results.

Today, Raul Castro pointed out how much can be done even under the difficult conditions we are experiencing, through optimism, better use of resources, and better organization of the labor force.

[Begin recording] [Castro] Yesterday, I briefly mentioned to several leaders in Alquizar, several provincial agriculture leaders, that the EJT is the pride of the FAR and that—within the framework of the law so no one can say we are threatening anyone—we are not going to let speculators or the inefficiency of that large bureaucracy called state collection pilfer their work and prevent it from reaching the population. [end recording]

Agriculture Minister Alfredo Jordan states that experiences such as these, given their importance and reach, ought to be extended to state enterprises, Basic Cooperative Production Units [UBPC's], and cooperatives.

[Begin Jordan recording] I believe this experience is undoubtedly the most integral and complete I have seen. In the future, it would be good for this type of visit, including Raul's presence, to continue for assessment of the work of the UBPC, and above all, the farming cooperatives, given their importance. I believe there are many interesting things here that we can broaden, implement, and generalize in the rest of the production organizations, which have also accumulated a series of experiences we ought to analyze. [end recording]

Ministry Spokesman To Hold News Conferences

PA2605213994 Mexico City NOTIMEX in Spanish 0233 GMT 25 May 94

[Text] Havana, 24 May (NOTIMEX)—Today, Miguel Alfonso, official spokesman for the Cuban Foreign Ministry, said he will hold periodic meetings with the media to brief them on the Ministry's activities and to answer reporters' questions. The diplomat and scholar, who has been Ministry spokesman since April, said his appointment was due to a "need that had been felt for a long time." The Foreign Ministry spokesman is virtually the only official of his kind in the Cuban Government.

Alfonso said that during the meetings with reporters, he will brief them on the activities of Foreign Minister Roberto Robaina and other Ministry officials as well as comment on events in the area. He did not say, however, if officials in other ministries would assume a similar role.

The Foreign Ministry spokesman began his duties in April during "The Nation and the Emigrants" conference, which was attended by Cuban officials and approximately 200 exiles. On that occasion, Alfonso was introduced as a conference spokesman, but in ensuing weeks he continued as spokesman for the Foreign Ministry's routine activities.

The Ministry spokesman is a professor at the Higher Institute of International Relations and until last year was a member of the Cuban delegation to the UN Human Rights Commission based in Geneva, Switzerland.

Havana City Gas Enterprise Explains Outages

FL2705013894 Havana Radio Rebelde Network in Spanish 1700 GMT 26 May 94

[Text] The deputy director of the (Calidad Tagle) manufactured gas enterprise in Havana City informed this newscast that yesterday and this morning's gas outages were caused by breakdowns at the Mario Fortuni plant. At this moment, service is being reestablished to its usual level or, in other words, in accordance with the schedule established by the gas enterprise due to its limited resources.

Breakdowns at Two Plants Affect Power Supply

FL2605151294 Havana Radio Rebelde Network in Spanish 0900 GMT 26 May 94

[Text] On the morning of 25 May, technical difficulties in generator units at the Antonio Guiteras electric power plant in Matanzas and the Antonio Maceo electric power plant in Santiago de Cuba have resulted in a deficit of approximately 400 megawatts in the nation's generation of electricity. Electric power sector officials in Matanzas announced that in the case of the Antonio Guiteras plant, the problem was due to tears in the boiler's heat-exchange surfaces. Damage assessment and repairs

will begin at noon today. Specialists have stated that if the needed repairs are found to be minor, they could be done in two or three days of intense work, bearing in mind that the temperature of the boiler must drop before repair work can begin.

The breakdown of the 330-megawatt generating unit caused a deficit of 70 megawatts during the morning and afternoon; and in the evening, the peak demand period, the deficit was of 90 megawatts.

Specialists are making great efforts—particularly since the sugarcane harvest is in the final phase and in light of other important economic activities—to ready a schedule of outages for when power is available. The outage schedule will also guarantee an equitable supply of water to the residential sector.

Official on Ibero-American Summit Preparations

FL2705015094 Havana Radio Rebelde Network in Spanish 2300 GMT 26 May 94

[By Gisela Bel Heredia]

[Text] Everything is ready for the Fourth Ibero-American Summit that will be held in June in Cartagena de Indias, Colombia, to promote regional integration. Everything is ready so far as organization is concerned, and only the details need to be finalized. This was the report given today in Havana by Vice Foreign Minister Jorge Bolanos and Cuban Ambassador to Colombia Jesus Martinez.

The Cuban ambassador said different versions of the summit's main document had already been analyzed, and that the first to receive copies were the host countries: Mexico, Spain, Brazil, Colombia, and Argentina. The fifth summit will be held in the last country. He added that he was here to convey the attention being paid to the Cuban position and to make recommendations concerning the contents of the various subjects. He said the Cuban position has achieved consensus among these five countries.

Moreover, Bolanos referred to the previous three summits, the objectives concerning cooperation and integration, and the key factor for success.

[Begin Bolanos recording] We made an assessment of the three previous summits because the results are not in keeping with the aspirations. Cuba has always tried to strengthen the [word indistinct] and the integration ideas, and we will continue working in this fourth summit toward those objectives. With this summit, we hope to break some barriers to adopt positive actions, not only in the cultural but in the educational areas as well, and to discuss some problems that might be hampering integration. [end recording]

He added that this summit will be important so far as functioning is concerned, and that in addition to speeches by the chiefs of delegations, which will each be seven minutes in length, there will be panels to discuss different issues, and that these panels will be chaired by outstanding figures from the region. He also highlighted the position Cuba will take to the summit in Cartagena de Indias, Colombia.

[Begin Bolanos recording] We are not leading preparations for the summit, but we are preparing proposals concerning trade violations, certain obstacles to integration, and cooperation on our commercial development with our economy, and investments that I think are very important. [end recording]

Barbados

Opposition Threatens To Oppose Pay Cut Issue

FL2705013294 Castries HTS Caribvision Television in English 1945 GMT 26 May 94

[Text] The Barbados Labor Party says it does not intend to take the proposed 8 percent pay cut issue lightly. Opposition leader (Owen Arthur) said the laws that allow government to interfere with the salaries of public workers as it sees fit are bad and offensive. According to the opposition, these laws should be removed from the statute books. Mr. (Arthur) says he is getting legal advice on the matter, which he intends to put before parliament.

[Begin (Arthur) recording] Clause 26, which was (read) as a basis upon which the government has acted in this instance, was recommended as one of those aspects of the Constitution that should have been changed. I deeply regret the (?Balisur) Party government did not change it then. I deeply regret this was not tested for fear... [pauses] only because we fear that because the government then did not have a two-thirds majority, or because we did not have... [pauses] [words indistinct] it was not changed, but it is such an offensive law that it ought to be off the statute books of this country.

Dominican Republic

JCE Concludes 'Initial Vote Count;' Balaguer Leads

PA2605230494 Mexico City NOTIMEX in Spanish 2217 GMT 26 May 94

[Text] Santo Domingo, 26 May (NOTIMEX)—Today, the Central Electoral Board (JCE) of the Dominican Republic announced the conclusion of the initial vote count for the general elections held on 16 May, the results of which indicated President Joaquin Balaguer was the winner.

The electoral authorities, however, refrained from proclaiming the Reformist Social Christian Party (PRSC) candidate the victor because the official resolution on charges of irregularities filed by the opposition is still pending. The JCE considers the charges filed by the opposition parties to be "nonexistent" despite the lack of

verification of eight voting tables, according to JCE spokesman Francisco Alvares.

According to the results of the JCE, Balaguer obtained 42.44 percent of the votes, while the largest opposition party, the Dominican Revolutionary Party, led by Jose Francisco Pena Gomez, who made charges of alleged fraud, obtained 41.40 percent. Third place was held by the Democratic Liberation Party (PLD) of former President Juan Bosch, which obtained 13.8 percent.

The results were suspended for a period of time until the authorities were able to explain which of the two presidential candidates had committed the least amount of electoral fraud at the polls.

Even though the figures provided by the JCE gives Balaguer the victory, Pena Gomez said he would continue until he has exhausted all peaceful means to denounce the "colossal fraud" of which he claims to have been a victim.

PRD Joins Vote Count Review Under Protest

PA2705011994 Mexico City NOTIMEX in Spanish 2338 GMT 26 May 94

[Excerpt] Santo Domingo, 26 May (NOTIMEX)—Today under protest, Representatives of the opposition Dominican Revolutionary Party (PRD), which nominated Jose Francisco Pena Gomez as its presidential candidate, joined the second day of a review of the Dominican elections.

After opposition parties filed charges of electoral fraud, 107 electoral boards decided to review the vote count certificates for the 16 May elections, an activity which the [word indistinct] joined this Thursday under the premise that not all the certificates had been manipulated.

Pena Gomez said the fact that he is joining the certificate review does not mean he is validating the figures manipulated by the vote counting center. The politician said he will prove that the tens of thousands of people who supported him, which he described as a considerable number, are twice the number of those who supported the Reformist Social Christian Party (PRSC), which nominated President Joaquin Balaguer.

The PRD said the majority of its members could not vote because their names were not included on the voter lists even though they had their credentials. [passage omitted]

Five Bombs Explode in Esperanza Municipality

PA2605211694 Mexico City NOTIMEX in Spanish 2036 GMT 26 May 94

[Text] Santo Domingo, 26 May (NOTIMEX)—The political crisis facing the Dominican Republic was reflected today in the explosion of five homemade bombs in various streets of Esperanza municipality without causing any casualties, the police reported.

The bombs were hurled by hooded individuals and one of them exploded near the headquarters of the Dominican Revolutionary Party (PRD) headed by Jose Francisco Pena Gomez, presidential candidate in the 16 May elections who has made accusations of fraud. A police report said there were no casualties but several individuals, presumably responsible for the attacks, were arrested. The police and Army initiated a surveillance operation along the streets to prevent another attack.

The political crisis erupted when the elections closed with the PRD making accusations of a "scandalous fraud" planned by the followers of President Joaquin Balaguer at the Central Electoral Board (JCE) computer center.

Tourism representatives reported that numerous trips, especially from Europe, were suspended because of the news generated by the crisis facing the country. "The Dominican Republic political situation is a threat to the tourism industry which generates substantial revenues for the country," an important tourism businessman pointed out. The Dominican Republic is visited by 1.4 million tourists, who generate more than $130 million, the equivalent of 70 percent of its exportable goods.

Haiti

Balaguer Meets U.S. Envoy, Agrees To Close Border

FL2605231094 Port-au-Prince Radio Metropole in French 1600 GMT 26 May 94

[Text] The new U.S. envoy in the Haitian crisis, William Grey, began his mission with a visit to the Dominican Republic. On 25 May, William Gray met with Dominican authorities, including President Balaguer, regarding the possible closure of the border. He was accompanied by Dante Caputo.

We have since learned that last night, President Balaguer committed himself to completely closing the border with Haiti in order to guarantee respect for the UN embargo against the country.

The spokesman for Mr. William Gray, U.S. special envoy, confirmed that President Balaguer committed himself to completely closing the border out of respect for Resolution 917 of the UN Security Council, following a two-hour interview with the head of the Dominican state.

Balaguer's government, which is opposed to the embargo, has been accused by some North American sectors of allowing the passage of goods, especially fuel, to Haiti. President Balaguer made no comment following his meeting with President Bill Clinton's special envoy.

Trade Along Border Continues Following Embargo

PA2605182294 Madrid EFE in Spanish 1509 GMT 24 May 94

[By Ramon Malenciano]

[Excerpts] Marcher (Haiti), 26 May (EFE)—While the effects of Dominican Republic President Joaquin Balaguer's decision to clo: e the border with Haiti are still being monitored, the military and wealthy Haitians continue to profit from an increase in cross-border trade.

Wednesday, President Balaguer promised William Grey, U.S. special envoy to Haiti, and UN and OAS envoy Dante Caputo that the Dominican Republic would completely close its border with Haiti in accordance to UN Security Council Resolution 917. Nevertheless, Haitians buying fuel in the community of Marcher, located next to the Dominican township of Dajabon, pointed out that Haitians and Dominicans are still obtaining "significant gains" from the sale of crude oil along the border separating the two nations.

Jackson Marcelin and Benoit Antuan, two Haitians who make their living by trading along the border, indicated to EFE that the sale of fuel in this area "is a lot better than before." They added that in the township of Marcher, a fuel distribution center located on the banks of the Masacre River, the military has posed no "problems, although it is necessary to give them something (money)." [passage omitted]

Gerardo Gil, 30, a Haitian, agreed with his compatriots, stating, "business between Dominicans and Haitians is continuing as usual." Gil explained that on Monday, the Dominican (military and customs) authorities allowed "unrestricted entry" to those Haitians who normally cross the border every Monday and Friday to buy and sell in Dajabon.

The so-called "gasoline market" extends for nearly 1 km along the Haitian side of the Masacre River in Marcher—a region in which Haitians have set up small shops operating in Dominican territory. It is in this community where citizens from both nations distribute fuel which, according to Haitians interviewed, they then export to Port-au-Prince and other Haitian cities subject to the UN-imposed embargo. The objective of the embargo is to pressure the military leaders—who, in September 1991, toppled President Jean-Bertrand Aristide—into stepping down from power.

According to those Haitians who spoke with EFE, the fuel is taken to Qanaminthe, where it is then accumulated "gallon by gallon" before being taken to the "wealthy and the military in Port-au-Prince." A gallon of gasoline (3.8 liters) that costs 20 pesos ($1.60) increases in value to more than 50 pesos ($4.00) once it crosses the border. Despite this, Haitians only receive between one-half and two and one-half pesos (between four and 20 cents in U.S. currency) from the entire transaction.

In addition, Haitian sources said their profits tend to drop even more because they have to pay the Dominican military five pesos (40 cents) for each gallon that crosses from the Dominican Republic into Haiti. The same sources noted that last week fuel trafficking decreased because of the presence of "white men"—a reference to UN observers. The presence of UN observers was also the reason why the military decided to prevent movement across the border.

In addition to the sale of fuel in Marcher, Dominicans and Haitians also distribute rice, sugar, eggs, ice, and other items not found in Haiti in the wake of the total economic blockade that went into effect Sunday. These items increase in price by more than 300 percent once they cross the river separating the two nations that share the island of Hispaniola. Dominicans normally purchase plastic and other household goods sold in Haiti.

Marcelin, Antuan, and Gil confirmed to EFE reports disclosed by other Haitians who chose not to identity themselves and who indicated that trade along the border "is greater now than before, because the other side (the Dominican Republic) is experiencing an election." Nevertheless, it has been possible to ascertain that "officially," military officials in both nations are limiting the movements of Dominicans as well as Haitians.

Unsuccessful attempts were made to contact gasoline distributors in Dajabon in order to learn how the Dominicans and Haitians were distributing and selling fuel in Haiti, because gasoline stations were out of fuel and vehicle owners were being forced to stand in long lines, sometimes for as many as three days.

Nevertheless, according to Haitian sources, the considerable quantity of fuel that has already reached the "market" has prompted a decline in fuel prices. Citizens from both nations selling their goods along the border acknowledged that they "have heard" something about the embargo, but they added that so far it is not noticeable in the region.

Foreign Ministry Condemns Diplomats' Interference

PA2705014394 Paris AFP in Spanish 0105 GMT 27 May 94

[Excerpt] Port-au-Prince, 26 May (AFP)—On Thursday, President Emile Jonassaint's provisional government, which is not recognized by the international community, reported that unidentified foreign diplomats are "interfering" in Haitian affairs.

Diplomats, posted to Port-au-Prince, "insultingly and scandalously interfere in the internal affairs of the Haitian State," according to a Foreign Ministry communique, which expresses its "bitterness and absolute indignation" at these "intolerable deviations."

According to observers, the complaint refers in particular to U.S. Ambassador William Swing and his

spokesman, Stanley Schrager. On Thursday, the U.S. Embassy in Haiti strongly condemned the assassination of four opposition members by armed men between Sunday evening and Monday morning in Cite Soleil, the largest shantytown in Port-au-Prince. [passage omitted]

Station Notes U.S. House Rejects Intervention

FL2605212894 Port-au-Prince Signal FM Radio in French 1030 GMT 25 May 94

[Text] On 24 May, the U.S. House of Representatives took a stand to oppose a U.S. military intervention in Haiti. On the contrary, they favor the establishment of a free port on La Gonave Island where refugees can be received. The lower house of Congress adopted this nonconstraining amendment to the defense budget, by 223 to 201 votes. The amendment was presented by Representative (Porchugos), a Republican from Florida, and emphasizes its opinion to the executive.

The vote came after the U.S. Navy, in charge of enforcing UN sanctions against Haiti, on 22 and 23 May, fired [words indistinct] against two Bahamas-registered ships, which ignored their orders by trying to break the embargo. In its amendment, the House of Representatives expresses its opposition to a military invasion of Haiti unless there is an urgent and known danger threatening U.S. interests or citizens.

President Bill Clinton has not formally ruled out the use of force against the military that is exercising de facto power in Haiti. A new regime of sanctions imposed by the United Nations went into effect on 21 May.

The text also proposes that a free port be opened in La Gonave, an island located off Port-au-Prince with 80,000 inhabitants and a small military contingent. This free port could be used to examine the requests of Haitian refugees who wish to be granted political asylum in the United States and as a base for President-in-Exile Jean-Bertrand Aristide.

We have also learned from reliable sources that besides the eight U.S. ships stationed off Haiti to ensure enforcement of the international embargo, the aircraft carrier Eisenhower, and the helicopter carrier (Rusp) also embarked into Haitian seas, with 650 additional Marines whose mission is to enforce respect for the embargo. They stated: We are ready to carry out any action provided that its main objective is to drive the military out of power.

For the time being, the White House confirmed that Bill Clinton has made no formal decisions about sending troops to Haiti in order to reinstate President Jean-Bertrand Aristide.

Jonassaint Meets Lawmakers; Cedras Meets High Command

FL2605211294 Port-au-Prince Radio Metropole in French 1045 GMT 26 May 94

[Text] Provisional President Emile Jonassaint met with about 30 senators and deputies at the National Palace from 1530 to 1700 on 25 May on issues concerning the Haitian parliament. According to a press release from the special cabinet of the provisional president of the Republic, the representatives elected by the people touched on problems relating to the parliamentary institution and to issues concerning their constituencies.

The summit of the Army High Command should also be mentioned. A source close to the military command advised us that high-ranking officers of the Haitian Armed Forces and those in charge of units and garrisons in both Port-au-Prince and provincial towns met on 24 May at Army Headquarters. This meeting lasted several hours, focusing on major issues, according to our source, which indicates that both the Haitian situation and the international matter were broached.

The management of the country under the United Nations total embargo, the curb on the clandestine emigration of boat people, and the Army's improvement of the judicial system were the three main topics discussed in this meeting, presided over by Army chief, General Cedras. The military also discussed the Army's response in case of foreign military intervention, but this subject was the eighth of 11 points discussed during this meeting, which lasted several hours.

Gen. Cedras was surrounded by the Army High Command, commanders of the country's nine departments, the navy, aviation, engineering, communications, health, and anti-drug representatives. The intensification of the fight against drug trafficking and crime was also part of the agenda during this important meeting of the Haitian Army High Command.

U.S. Warships Noted Offshore; Warning Shots Reported

FL2605223894 Port-au-Prince Radio Metropole in French 1600 GMT 26 May 94

[Text] Still within the framework of enforcing the embargo against Haiti, eight U.S. warships are crisscrossing one another offshore. Six U.S. Coast Guard ships have also been crisscrossing off Haiti in an effort to intercept Haitian boat people. The eight U.S. warships in charge of enforcing respect for the embargo are supported by frigates from the Canadian and Argentine navies.

Last Saturday and Sunday, according to the Pentagon, the U.S. Navy fired warning shots twice at ships that were ignoring the orders of the ships that are enforcing the embargo. One of the ships succeeded, however, in reaching the Haitian coast.

General Director of National Defense Appointed

FL2605224294 Port-au-Prince Radio Metropole in French 1900 GMT 26 May 94

[Excerpt] Some new appointments were made in public administration: (Yvonne Richard Morasse) was appointed general director of national defense. (Yanick Dameau) is in the Ministry of Planning. [passage omitted]

MDN Forms Committee To Consult With Government

FL2605215694 Port-au-Prince Signal FM Radio in French 1030 GMT 25 May 94

[Text] Mobilization for National Development [MDN] formed a special consultation committee. From 19 to 22 May 1994, MDN President Dr. Hubert De Ronceray received three delegations from the provisional government of Emile Jonassaint. The conversations focused on the MDN General Secretariat's press release, dated 17 May, and the measures to be considered for a better balance of relations between the party and the provisional government. This special consultation committee is in charge of immediately meeting with the incumbents of the various ministerial departments as well as the officials of the other sectors to collect information on the following points: measures by which to meet Resolution 917 of the UN Security Council, threats of foreign military intervention, and the political timetable of the provisional government. Let us listen to the explanations of Hubert de Ronceray.

[Begin de Ronceray recording] Well, I believe [previous three words in Creole] it is rather a sort of active observation, given that the government made a gesture that we greatly appreciated, that is, government figures came to meet with us and discuss a number of problems. Then, we thought we were also duty-bound to take those conversations into account, to continue them, and to carry on with them. This is the reason we formed... [pauses] the party formed this special consultation committee in charge of meeting with the various (?ministers) and other officials, listening to them, taking note of their projects and programs, and seeing to what extent their objectives agree with those of the party.

Once the committee gives us its report, we will see know where we stand, according to what is being done and what will be done. [end recording]

FRDH Asks Cedras To Respect Governors Island Agreement

FL2605191894 Port-au-Prince Signal FM Radio in French 1030 GMT 25 May 94

[Text] The Front for the Restoration of Democracy in Haiti [Front pour Restorer la Democratie en Haiti], FRDH, asks General Raoul Cedras to show goodwill by respecting the Governors Island agreement, which demands his early retirement and the return of constitutionally elected President Jean-Bertrand Aristide.

Since the enforcement of Resolution 917 of the UN Security Council, consisting of a total embargo, which has already been imposed on our country, we in the FRDH—jointly with four other people's organizations—cannot remain indifferent toward the suffering of the Haitian people. This is the reason we are again asking Gen. Cedras to show goodwill by standing behind his signature.

St. Kitts and Nevis

Correction to Finanacial Officals Urge Caution on NAFTA

FL2505231094

The following correction pertains to the item headlined "Financial Officals Urge Caution Regarding NAFTA," published in the 25 May Latin America DAILY REPORT on pages 13 and 14.

Page 13, column two, first paragraph, sentence one make read: ...[Text] The commercial sector in St. ... (clearing indistinct word) Page 14, column one, paragraph two, sentence one make read: ...these entities have benefitted from the very liberal tax regime and the favorable investment climate that... (rewording, clearing indistinct words) Same paragraph, from sentence three make read: ...on or after March the 1st 1994. Hence, as [words indistinct] Company, Ltd. and other companies... (rewording) Paragraph three, sentence three make read: ...opportunities in a two-way trade financing between... (clearing indistinct word) Column two, paragraph one, sentence one make read: ...and financial liberalization prevailing in the national economy, countries... (clearing indistinct passage) Last paragraph, sentence one make read: ...located at the (Hosfis) Complex on Wellington... (providing phonetic rendering of name)

St. Lucia

Antigua and Barbuda PM Lester Bird Addresses OECS

FL2705021294 Castries HTS Caribvision Television in English 1945 GMT 26 May 94

[Text] Today, the leaders of the Organization of Eastern Caribbean States [OECS] got down to their first working session of the 23rd Authority meeting in Castries, St. Lucia. The meeting is scheduled to come to a close tomorrow.

Today began deliberations on a host of issues, including the preparation of maritime boundary delimitation negotiations, World Bank reports, and the follow-up on the just concluded Global Conference in Barbados. The Authority meeting, which was attended by all but one OECS leader, namely Prime Minister Nicholas Braithwaite of Grenada, yesterday welcomed its newest family

member in the person of Antigua's newly elected Prime Minister Lester Bird. Mr. Bird addressed yesterday's official openings in his capacity as representative for the delegations. While noting that this time his role was different, he did, however, indicate that the task was not new, having had years of practice.

[Begin Bird recording] I wish to thank the chief minister of Montserrat and the prime minister of St. Lucia for the warm words expressed by both of you on my election to the prime ministership of Antigua and Barbuda. As many of you are aware, I have been attending conferences of heads of government of the OECS from its inception. Indeed, you accorded me the distinct honor of allowing me to be the first chairman even though I was not a prime minister. In that sense, I spent the last 14 years in this council impersonating a head of government. And many of you spent the last 14 years in complicity. I am pleased that by (electing the government a party) which I have the honor to lead, the people of Antigua and Barbuda have chosen to relieve not only me of the role of impersonator, but you of the role of collusion.

On a serious note, I have placed on record my profound thanks to OECS heads of governments past and present, who over the last 14 years, have treated me with such great consideraton. Mr. Chairman, it is fitting for me that the first OECS heads of government conference I should attend as prime minister is held in St. Lucia. For on this island, (around) your wise and mature guidance, Mr. Chairman, our countries have together made many practical decisions which have advanced the economic and political interests of our subregion. [end recording]

Federal Police Commander Found Murdered in Car

PA2705034894 Madrid EFE in Spanish 0311 GMT 27 May 94

[Text] Mexico City, 26 May (EFE)—A source at the Mexico City Attorney General's Office told EFE today that Jose Luis Fortuna, commander of the Judicial Federal Police, was murdered by a gunshot to his forehead and left in his own car on the highway to Ajusco on the outskirts of Mexico City. The source said the Metropolitan Police found the commander's body in the car at approximately 1330 (1730 GMT) on the border between Mexico City and the State of Mexico.

The body, the head of which was covered with a sack, received a gunshot wound to the forehead. A spent 9-mm cartridge was found on the car's floor, the official reported. The commander was identified by his electoral voting card, which has a picture, and the badge of the Attorney General's Office, which identified him as commander.

Candidates React to Clash Between Zedillo, UNAM Students

PA2605232794 Mexico City Radio ACIR Network in Spanish 0000 GMT 26 May 94

[Report by Elizabeth Diaz Sotero from the "ACIR Radio News"]

[Text] Cecilia Soto Gonzalez, Labor Party [PT] presidential candidate, commented on the events that occurred yesterday at the National Autonomous University of Mexico [UNAM] involving Ernesto Zedillo Ponce de Leon, PRI [Institutional Revolutionary Party] presidential candidate, and accounting faculty students.

Ernesto Zedillo visited the UNAM, specifically the Accounting and Business Administration Faculty, to meet with university students in a closed forum at a faculty auditorium. What took place instead was several instances of verbal and even physical abuse against Zedillo. Things got so out of hand that the PRI candidate was nearly hit by a bottle or a stone. Insults may not cause any physical harm, but they do undermine an individual's morale.

Ernesto Zedillo had agreed to meet with the university students, who requested an open dialogue in the university's esplanade, not in a closed auditorium guarded by presidential security agents for several hours prior to the meeting. As a result, the dialogue never took place. The media, including Radio ACIR, have commented extensively on what took place.

The PT candidate said it would be a mistake to stop trying to hold dialogues at public and private universities and demanded respect for all presidential candidates.

Ms. Soto was interviewed after a breakfast meeting with bankers, businessmen, and investors at a Mexico City hotel. Naturally she condemned the abuse to which the PRI presidential candidate was subjected, saying it was an unfortunate incident that could jeopardize dialogues at the nation's universities. She called on everyone to keep working for dialogues at the universities.

Cecilia Soto stressed that the presidential candidates should not be attacked and should be received with respect. She added that the attack against Zedillo is an irrational action reminiscent of the dinosaurs.

Jorge Gonzalez Torres, presidential candidate of the Mexican Green Ecologist Party [PVEM], said that what took place at the UNAM yesterday with Ernesto Zedillo must be analyzed within its real perspective. He added that university students have always been very serious about dialogues with the authorities. According to Gonzalez, the PRI candidate must also respect the guidelines in force at the UNAM.

The PVEM candidate said that perhaps the person most responsible for the incidents,which fortunately did not develop into anything more serious, was Zedillo himself. The PRI candidate organized a meeting with students that even included PRD [Party of the Democratic Revolution] members. In addition, it was a dialogue during which the genuine students were not the ones who spoke out.

Gonzalez Torres warned that there is pent up dissatisfaction among the population that is ready to explode throughout the country. He said that what the people really want is a closer, more genuine relationship with the presidential candidates, not violent confrontations such as that which took place this Tuesday between PRI presidential candidate Ernesto Zedillo Ponce and UNAM students.

During a visit to the community of (Pericos) as part of his campaign program, Gonzalez Torres rejected the figurative type of democracy that the government's candidate is offering as well as the Defense Secretariat's decision to purchase more weapons.

[Begin Gonzalez Torres recording] The campaign programs do not address genuine needs. You all witnessed how one attempt turned out. This indicates that first there is a need for prior contacts. Contacts cannot take place hastily; they must be gradual. I hope we will all be able to understand this. If not, we will be going along with a figurative democracy believing that everything is fine when the truth is that there is rising dissatisfaction throughout the nation and it is ready to explode The Mexican people do not want more weapons to repress them, they want assistance. The government's responsibility is to serve, not to repress or to remain in power by any means. [end recording]

The PVEM candidate's visit to (Pericos) was quite colorful. Gonzalez Torres distributed calendars and [words indistinct] to businessmen. Amid shoves and shouts, he stopped and spoke to the people, who were demanding answers from the federal district about

increasing garbage, candidates not honoring their campaign promises, and a closer relationship with the candidates. (Pericos) businessmen, mostly young adults, shouted slogans such as "Green is Life" while the PVEM candidate toured the community.

Gonzalez Torres expressed his opposition to the appointment of citizen advisors, whom he described as more advisers to the PRI, the National Action Party, and the PRD than to society in general.

Secretary: No 'Expeditious Elimination' of Tariffs

PA2705035694 Mexico City EL FINANCIERO in Spanish 25 May 94 p 10

[Report by Lourdes Gonzalez]

[Text] Yesterday, Commerce and Industrial Development Secretary Jaime Serra Puche guaranteed there would be no expeditious elimination of tariffs in sectors whose representatives reject such a measure. "If any sector in Mexico opposes the expeditious elimination of tariffs, this will not occur," Serra Puche emphasized within the framework of a revision that will be carried out by the North American Free Trade Agreement (NAFTA) negotiation teams. These teams will analyze a possible modification of the timetable for various production sectors.

The official warned: "None of the NAFTA members are duty bound to modify the timetable for the elimination of tariffs," so "they will only carry out changes that are advisable for the Mexican production sector and economy."

During a brief interview upon the conclusion of his participation in the Conference on North American Business Outlook, the commerce secretary said there is also enough time to carry out the necessary consultations to determine the approval or rejection of the nation's industrial community. He said if there is any objection from the production groups concerning the elimination of specific tariffs, the Mexican team will not bring those products to the negotiations.

Jaime Serra emphasized the importance of conveying to the nation's production sector the guarantee that, although NAFTA considers the possibility of expediting the previously agreed upon elimination of tariffs, provided the involved parties previously agree to this, the measure will only be implemented in the areas that request it. The authorities will impose no advance measures to abate the tariffs, the commerce secretary insisted after his speech at the event, which was organized by the Conference Board and the private sector's Center for Economic Studies (CEESP).

After various Mexican industry sector representatives rejected the expeditious elimination of the tariffs on their products, Serra urged production sector representatives to participate in the consultation process and determine in which areas a change should be requested. The goal was to guarantee—as it was done throughout the NAFTA negotiation process—agreements with the full support of those directly involved.

He said the necessary consultations are being carried out through the Coordinator for Foreign Trade Business Organizations (COECE) to detect support for an expeditious elimination of tariffs, or the denial to renegotiate the deadline for trade opportunities in each sector.

Mexico To Negotiate Lifting Tariffs in NAFTA

PA2605140094 Mexico City LA JORNADA in Spanish 23 May 94 pp 1, 46

[Report by Patricia Munoz Rios]

[Text] The Mexican Government will carry out negotiations with the United States and Canada to speed up the elimination of tariffs on an official list of 157 products, most of which had protective terms lasting five to 10 years, as originally stipulated in NAFTA.

Today, the Commerce and Industrial Development Secretariat [Secofi] invited businessmen and individuals involved in the production or marketing of those articles to express their opinions "for or against" speeding up the opening.

Secofi has reported that, to determine whether or not this expeditiousness is appropriate, the secretariat has consulted with the involved producers, chambers, and agricultural, livestock, and industrial associations through the Coordinating Board for Entrepreneurial Foreign Trade Organizations [COECE]. The list was composed based on this consultation.

The list includes glass, wine, vegetables, dairy products, grain, fruit, chemicals, vitamins, film, paper, fiber, textiles, fabric, footwear, silverware, screws, refrigerators, freezers, dryers, dishwashers, washers, machinery and equipment, ovens, stoves, bicycle spare parts, and tools, in general, among others.

We are dealing with the elimination of tariffs for a large number of articles. Some of the lines include bilateral export products whose quantities and values are considerable.

The invitation, published today in DIARIO OFICIAL DE LA FEDERACION, says: "Public consultation on the expeditious lifting of tariffs for products of North American origin, as stipulated by NAFTA, is hereby requested." The consultation will last one month. Negotiations will start later.

The negotiations will be virtually bilateral because Canada's demands to expedite the commercial opening are relatively few in relation to those presented by the United States and Mexico. Canada's requests represent only 8 percent of the total to be discussed.

According to NAFTA's paragraph 3 of article 302, NAFTA member countries can speed up the opening.

"On request of any one of the members, the interested parties will carry out consultations to consider the possibility of expediting the elimination of tariffs provided for in the tariff elimination lists."

The inclusion of these products does not represents a priori commitment for the opening, but only the intention to sit down and negotiate. Nevertheless, "generally speaking, the three countries will consider lifting the tariffs on the products included on the list."

The 157 products appear on the list at the request of three countries' production sectors. In Mexico, all modifications will involve consultations with the involved sectors and will be negotiated between the governments later, Secofi said.

For this reason and to incorporate into the consultation process the opinions and proposals "of all interested parties," Secofi has invited all persons and enterprises who so desire to express their views on this subject through their chambers or associations represented at COECE.

Views for or against speeding up the opening for the products included on the list should be addressed to the entrepreneurial representatives prior to 23 June 1994. The remarks should include the name of the tariff group involved, the signatory's economic activities and the reasons for his interest, and specific arguments supporting his case, such as the effect on jobs, production, and exports.

The negotiations, "scheduled to be held in a few weeks," will discuss only the products included in the groups listed. In addition, the Mexican Government will agree to modify the speed of tariff elimination on goods from the United States and Canada and determine whether the consultation shows absolute consensus for speeding up the process among the national production sectors involved.

According to the list, which will also be released in the United States, the two governments will negotiate the expeditious lifting of tariffs on products such as wine (including sparkling wine, grape must, brandy, and wine coolers); various types of glass; textiles, such as flat cotton fabrics; polyester fibers; metalized thread, velvet, and plush; garments, such as suits, trousers, and silk ties; cotton towels; curtains; and various types of footwear.

The list also includes vegetables, such as potatoes, asparagus, broccoli, cauliflower, and dried beans, and fruits, such as mangoes, lemons, and grapefruit. Also, corn flour, preserves, prepared or preserved tomatoes, and grapefruit juice and other citrus products. [sentence fragment as published] Also included on the list are photographic films, herbicides, lumber, blinds, chemical paper, silverware, screws, untreated zinc, stove spare parts, scissors, refrigerators, freezers, driers, dishwashers, washers, electric ovens, stoves, and ranges.

The list also includes chemicals such as sodium cyanide, monochlorodifluorethane, ethyl hexanol, tributylamine, ethylenediamine, diethylentriamine, triethylentetramine, lovastatine, e-nalapril malleate, hexamethylen, and sulfamerazine, among others.

In the invitation, Secofi points out that a country can refrain from participating in the negotiations on a given tariff group for two basic reasons: either the importing of that product to the country is already free of tariffs or the country has no interest in eliminating the tariff.

Archbishop: Attorney General's Office Involved in Drug Trafficking

PA2605143594 Mexico City LA JORNADA in Spanish 24 May 94 p 1-10

[Report by David Aponte and Gerado Rico]

[Text] Guadalajara, Jalisco, 23 May—Today, the new archbishop of Guadalajara, Juan Sandoval Iniguez, said 40 percent of the personnel in the Attorney General Office's (PGR) are "involved" in drug trafficking. This is why "no one has gotten to the bottom" of the homicide of Cardinal Juan Jose Posadas Ocampo and why the Arellano Felix brothers have not been arrested.

He said that high-level PGR officials "told me" that they are not absolutely sure which Federal Judicial Police (PJF) agents are trustworthy and honest, and which are linked to drug trafficking.

This has complicated the capture of the Arellano Felix brothers, chiefs of the Tijuana Cartel, "because when the police are told they are in a certain place, by the time the police get there they are already somewhere else." The police themselves give them a heads-up, the archbishop said.

He said the Catholic Church is not satisfied with the results of the investigation because it has not gotten to the bottom of the matter and the PGR has not arrested the real killers.

There is no "room for percentages" in assessing how the investigation is going because we do not know who the real killers are or their motives for the murder. The PGR has fought drug trafficking, but "they have not had the answers" to Cardinal Posadas' case.

In light of this, he said, Mexicans run the risk that impunity "may become entrenched in our fatherland and we will end up with a violent society, a dangerous society," if the homicides of Cardinal Posadas and Luis Donaldo Colosio are not solved.

The archbishop called a news conference in the capitular room of the Archdiocese of Guadalajara on the day before the first anniversary of the death of Cardinal Juan Jesus Posadas Ocampo. Before beginning his remarks, he asked reporters from the international, national, and local media to pray.

He then began: "We have always said we still are not satisfied, that the investigation has not gotten to the bottom of the case, that we are not happy because no one has gotten to the bottom of this since the real killers have not been captured. All Mexicans—not just the Church—want these investigations to continue and for this crime to be cleared up soon."

[Question] What is your evaluation of the authorities' behavior, especially that of the PGR?

[Sandoval Iniguez] We have been in touch with high-ranking PGR officials. They have assured me they are very interested in the investigation; they are determined to clear up the murder. In fact, they want some assistance, some of our help. This is why we have called on anyone who may have some information... It could be these people may supply details that may have been misinterpreted by others.

"They face many difficulties on this road. First, because a year has already passed and second, because all municipal, state, or federal police forces in Mexico are either contaminated a little or a lot. They were telling me, for example, that 40 percent of the people who work for the PGR are not to be trusted. They say that even they do not know who is who; they do not know who the trustworthy and honest agents are. They do not know who is involved with the drug traffickers or with other groups who buy off these people's consciences. That is how the security forces are infiltrated and why they have people working there who are not trustworthy."

[Question] Could this be blocking the investigations?

[Sandoval Iniguez] ...They (high-level PGR officers) claim this is one of the reasons why this and other investigations have not been wrapped up. They even told me that when they go to arrest criminals, some people warn the criminals in advance. When they arrive on the scene, the criminals are gone. That could be one of the reasons.

The same is true of the Arellano Felix brothers, who escape when they learn that authorities are coming after them. Drug traffickers have plenty of money to corrupt and buy off people's consciences and thus ward off any action against them, he said.

But the Catholic Church will not fight that kind of corruption. There will be other ways for that. But it will not stop insisting, as all citizens must, that the homicide should be resolved even after the current six-year presidential term ends, he added.

Surrounded by some of his aides in the room housing paintings of the archbishops of Guadalajara, Sandoval Iniguez recalled that the president of the republic said the crime would be solved and said "he should be asked about it."

"I would also like to say in this forum that all society should demand, each one of us must demand that justice be done. A democratic country must not leave its hopes and dreams in the hands of two or three people...this is a demand of all society," he said.

[Question] Are we living in a country of half-truths?

[Sandoval Iniguez] I believe our truths are less than half-truths. We can barely get to a half-truth, he said ironically. [as published]

He mentioned that the PGR has not briefed the Archdiocese of Guadalajara on the investigations since November 1993.

A journalist asked if he feared any possible reprisals for his statements. The archbishop said: "I do not think I will be the object of reprisals for what I am saying because I am not offending or injuring anyone or telling lies."

Sandoval Iniguez said that on Tuesday, 24 May, the crypt containing the remains of the late cardinal will be open from 1000 to 1800. During the evening, the archbishop will officiate at a mass in memory of Juan Jesus Posadas Ocampo.

PRI Candidate for Chiapas Governorship Speaks

PA2605222194 Mexico City LA JORNADA in Spanish 24 May 94 p 22

["Ocosingo Message" by Eduardo Robledo Rincon, Mexican Institutional Revolutionary Party, PRI, candidate for the Chiapas governorship, broadcast over the radio to residents of Chiapas jungle from Ocosingo on 23 May]

[Text] Red Radio Chiapas, Ocosingo, 23 May 1994

I came to Ocosingo, gateway to the Chiapas jungle, to add my efforts toward peace. I came to express my respect for those who risk their lives in the defense of their ideals. I have said it: I agree with broad sectors of Chiapas society which believe the social demands that have been made are just. I also believe, however, just as broad sectors believe, that the path chosen has resulted in grief, pain, and sacrifice.

I understand that the people of Chiapas must do something soon. We must do it right to work for reconciliation. We must make an effort to have peace with justice and to have the dignity that all people of Chiapas want.

I am convinced that electoral campaigns—I am not referring to mine, but to those of all parties—must effectively aid the reconciliation. I believe this, and I have made my campaign a parallel path for reconciliation. Society must know that.

Therefore, I urge all parties to put differences aside and make this campaign a crusade for peace. Let us make it an offensive for peace, like commissioner Manuel Camacho said.

I think everyone, especially the parties, should do his share and do it well. We must work from the bottom up, adding not subtracting. I think that is the way to move closer to peace.

The state's political conditions, which stem from ancestral, economic, and social problems, call for new rules.

In Chiapas, we must turn our backs on the past, but not on all of the past. We must remember the best of it. We must be conservative. We must preserve our culture and old traditions.

In Chiapas, especially in this region, where children do not attend school and where they die of hunger, where hundreds, perhaps thousands do not know how to read or write, we must think of realistic ways to build them a new future, a future that will guarantee them the right to be born and to live with dignity. We must build a future that guarantees health, development, education, housing, employment, and land, especially land, for them. In other words, we need to guarantee that everyone will have food tomorrow.

How should we treat this land issue? How should we reconcile historical reason with the law?

Chiapas has been a different Chiapas since 1 January. Many of us knew it, but many more just discovered this pluralistic society: We are several races; we are from several regions; we speak different languages; we have different climates; we have different temperaments; we have different religious beliefs.

I believe the secret lies in how to direct this social energy toward building a common future; how to make all this strength, all this energy, a great social victory for the Chiapas people.

I agree with those who say that Chiapas is a heck of a town to defeat.

I think this new pact can be considered a proposal. It is like a method of discussion for finding agreements that will allow us to build our future.

This is why I insist that we should make this political campaign a permanent debate. It should be a basis for finding that which unites us and rejecting that which separates us.

This social pact must be implemented by society. To do this, I propose forming a pluralistic government. When I say pluralistic government, I am not just referring to a government with many parties in it. I am referring to a government that will unite its different religious, environmental, regional, political, economic, and social aspects.

To do that, we need:

- just laws, an autonomous judicial branch, an honest police force, and fair economic laws;
- sustainable economic development. We must guarantee an economic system that will promote the welfare of the population without jeopardizing opportunities for future generations;
- thorough social reform based on education to supply the necessary tools for finding jobs;
- democracy based on legality and legitimacy.

I offer a pluralistic government that will use Chiapas' best men, regardless of their party affiliation. I will not rule with my friends. All I need to form a new government is men who are honest, conscientious, and competent.

Transition is a process. To implement it without problems, we must have a strong government, a government that cannot be short-termed. I propose a strong government, very strong; a government whose strength is based on the law, on what is right, on consensus, on legitimacy; a government based on the people's support and on pluralism.

Costa Rica

Figueres To Review U.S. Proposal on Haitian Refugees

PA2605195694 Panama City ACAN in Spanish 1912 GMT 26 May 94

[Text] San Jose, 26 May (ACAN-EFE)—Costa Rican President Jose Maria Figueres today said he will review a U.S. proposal presented to Central American nations concerning Haitian refugees. Under the plan, the Central American nations would receive Haitian refugees "temporarily" while a solution is sought to the current crisis in that Caribbean nation.

Figueres told ACAN-EFE that Washington is working with the UN High Commissioner for Refugees (UNHCR) in an attempt to "assist those Haitian citizens who feel politically threatened."

Figueres added: "The idea is for these people to stay here on a temporary basis, until they can be returned to Haiti."

Although Figueres stressed that "all of us are concerned" about the situation in Haiti, "so far, we have yet to make a decision." He added, "We will be evaluating the request within the next few days."

Meanwhile, Costa Rican Foreign Minister Fernando Naranjo confirmed Washington had indeed presented the request to Costa Rica, but he explained that it would affect only political refugees, not economic refugees. He added that the issue would be studied jointly by the United States and Costa Rica.

El Salvador

Onusal Head Confirms Plan To Verify PNC Training

PA2605174094 San Salvador Canal Doce Television in Spanish 0300 GMT 24 May 94

[Report by Edwin Gongora from the "Up-to-Date" newscast]

[Text] Onusal [UN Observers for El Salvador] head Enrique Ter-Horst confirmed that his group will verify the training of National Civilian Police [PNC] members in the face of alleged departures from the original initiative. Salvador Sanchez Ceren, FMLN [Farabundo Marti National Liberation Front] leader, said the creation of the joint commission tasked with investigating the alleged irregularities within the PNC, is part of the latest rescheduling of the peace agreement.

The last report by the UN secretary general to the Security Council, in which he underscores irregularities in PNC training, has already been acted upon by those involved. On Monday, Ter-Horst said the group is already doing verification work to report, by 30 June, whether the new security corps has militarized.

[Begin Ted-Horst recording] I believe that right now it is not practical or constructive to describe whether the PNC is militarized. The government has a clear resolve to correct any error or irregularities detected in June. [end recording]

Ted-Horst said that like any new institution, the PNC has its problems, however, these are being quickly faced and resolved.

Salvador Sanchez Ceren, FMLN representative to the National Commission for the Consolidation of Peace, expressed confidence in the commission tasked to evaluate how civilian the PNC is.

[Begin Sanchez recording] All the irregularities the UN secretary general lists will be investigated. We have also verified this on site and have been able to confirm that the academy is militarized, starting with the monitor corps, and that there is an imbalance in the chain of command. The academy is made up of a majority of national policemen, and this creates an imbalance. [end recording]

The new scheduling between the government and the FMLN mentions, among other dates, 15 March 1995 for completing the National Police demobilization and the full deployment of the PNC, with an average of 8,000-10,000 policemen. The land transfer process is scheduled to be 70 percent complete by 30 April 1995. With this new schedule, the head of Onusal said President Cristiani has cleared all pending peace matters. Nevertheless, for Sanchez Ceren, Cristiani leaves instead a more specific schedule, which the new Calderon Sol administration shall be unable to elude.

Cristiani Refutes PNC Militarization Charges

PA2605160694 San Salvador Canal Doce Television in Spanish 0300 GMT 24 May 94

[Report by Mario Jovel from the "Up-to-Date" newscast]

[Text] On Monday, President Alfredo Cristiani, in view of the UN secretary general's latest observations, announced a special commission will verify that the National Civilian Police [PNC] is not militarized.

The president disclosed that this commission will comprise an Onusal [UN Observers for El Salvador] representative as well as National Public Security Academy [ANSP] and PNC directors.

In an 11 May report sent to the UN Security Council, UN Secretary General Butrus-Ghali states that former security corps sergeants are in charge of PNC criminal investigations, and members of the former antidrug unit are taking the posts of commissioners. The report adds that ANSP graduates are discriminated against because none of them have been appointed commissioners. Ghali has called for these mistakes to be corrected to avoid

having the PNC become more militarized. The president, however, rejected these assertions.

[Begin Cristiani recording] We disagree with this report. Last week, we brought everything up to date just as we had said we would do, including the public security topic. For the secretary general's peace of mind, a commission is being created to verify whether this is true. On no account have we attempted to militarize the PNC. [end recording]

The commission that will verify the civilian nature of this new security corps will include ANSP Director Mario Bolanos, PNC Director Jose Maria Monterrey, and one Onusal representative. In the same report, Ghali explains that persistent deficiencies have been found in the training of PNC members in legal matters and in the use of force and firearms. For the president, these failures have an explanation:

[Begin Cristiani recording] One must remember that we are trying to hurry and deploy the units as soon as possible and that exclusive courses lasting six months are being given with much effort. These courses are insufficient to create a completely trained public security policeman. To my way of thinking, once the PNC has been fully deployed, we need to continue to give members courses and training. [end recording]

Likewise, Cristiani said that another special commission will be created to verify the enrollment of PNC members in the ANSP, which should not surpass 1,000 members or 20 percent of the total. According to the president, it was agreed in last week's meeting to clear all pending matters that the demobilization of the former security corps will continue until 31 March 1995.

Nicaragua

FSLN Bloc Unanimously Rejects Ramirez Resignation

PA2605171794 Managua BARRICADA in Spanish 25 May 94 pp 1, 12

[Report by Jorge Katin]

[Text] The 39 deputies of the FSLN [Sandinist National Liberation Front] unanimously threw their support behind Dr. Sergio Ramirez Mercado to remain head of the Sandinist bloc after Ramirez resigned from the post during a special meeting of bloc members yesterday afternoon.

After meeting for three hours, Deputy Dora Maria Tellez, member of the FSLN National Directorate, publicly announced Ramirez's intention to resign from his post within the FSLN bloc and the deputies' decision to vote down that resignation. "We have not only rejected this resignation, but we have also endorsed his mandate because his work as the chief of our bloc has served the struggle in the interests of both the FSLN and the needy sectors of society," Commander Tellez indicated.

According to Deputy William Ramirez, the Sandinist deputies are convinced that to maintain the unity of the bloc and relations within the National Assembly, it is not advisable to accept his resignation.

It was reported that all 39 lawmakers concurred in voting in favor of Ramirez. Damaso Vargas, who represents the interests of the Sandinist Workers Federation in the FSLN bloc, confirmed the unanimous backing for Ramirez's mandate.

"The statutes do not make the Sandinist bloc a component of the FSLN structure and for that reason the bloc has the opportunity to coordinate its actions and choose its directors. What is vital is to carry out the resolutions of the Sandinist Congress," he noted.

"Dr. Ramirez submitted his resignation for obvious political reasons," Dora Maria Tellez added, explaining that the Sandinist Assembly approved the bloc's internal regulations, which establish the mechanism to elect its authorities.

Tellez added that the National Directorate does not plan to submit the topic of the leadership of the Sandinist bloc to a debate. "In the meeting held today (yesterday), the Directorate said Directorate members do not necessarily have to be well-liked by everyone," she added.

Ramirez, who from the moment he learned of his exclusion from the new Sandinist Directorate announced his willingness to resign, saying he would abide by the decision of his colleagues. "I think what lies ahead in the weeks to come is our legislative work because the Sandinist bloc must continue to be a key part in the complex machinery of national stability," Ramirez stated categorically.

Dr. Ramirez declined to comment on the topic of factions because, at this time, he was still speaking as chief of the Sandinist bloc. The public statement by Commander Monica Baltodano on the possible change in the Sandinist bloc's leadership was one of the events that hastened the discussion on this topic among the FSLN lawmakers.

In the early morning hours, Dr. Ramirez said he will continue his struggle for the renewal and transformation of the FSLN from the inside "and never from the outside," adding that battles are not won in a single day. "I am already too old to let someone else decide for me whether or not I am a revolutionary, or whether or not my ideology is correct," he noted. "now, there is a certain trend on the part of some FSLN comrades to grant certificates of revolutionary legitimacy and to decide who is a neoliberal and who supports or opposes the masses," the FSLN bloc chief noted.

FSLN's Arce Doubts Ramirez' Replacement

PA2605171594 Managua BARRICADA in Spanish 24 May 94 p 2

[Report by Alfonso Malespin Jiron]

[Text] Bayardo Arce, member of the National Directorate of the FSLN [Sandinist National Liberation Front], has said Dr. Sergio Ramirez should continue to head the Sandinist bloc in the National Assembly because he has done an excellent job and because this decision should be left in the hands of bloc members. "I do not think he will be replaced," Arce added.

Arce said the expansion of the FSLN National Directorate to 15 members and the ratification of most members of the traditional National Directorate were outstanding decisions made at the Sandinist Special Congress.

The vote by the congress delegates left out only two previous members of the top Sandinist executive body, namely, Dr. Sergio Ramirez and Commander Jaime Wheelock, who did not run because he is studying abroad.

The removal of Dr. Ramirez "is in keeping with the need and the will voiced by the congress to renew the leadership and to endorse the traditional directorate," Arce said.

He said this action should not be interpreted as "punishment of an individual" who had supported the theory that Sandinism should respond to the majority, as certain people had claimed in the halls of the Olof Palme Convention Center. "Although, we could talk about a political defeat," Arce said, "I actually think the congress had to simply choose 15 people. It is like a baseball game in which someone has to win and someone has to lose."

Nevertheless, Arce believes Dr. Ramirez will not be left out of the decisionmaking process. He added that among the National Directorate's first tasks will be the creation of new mechanisms, a task that will benefit from his knowledge and experience.

Arce, who supported the candidacy of Daniel Ortega on the opening day of the congress, downplayed Dr. Ramirez's absence at the closing ceremony. He said the same was true for Commander Victor Tirado, who was brought from his residence after being approved as a National Directorate member.

"I do not give any political significance to Sergio's absence," Arce pointed out. "I want you to know that if Daniel had extended his speech, I would have fallen asleep," the high-ranking leader joked.

During an informal news conference after the closing of the congress, Arce refused to say whether Sandinism achieved a consensus during the three days of discussions, but he did say, "we achieved substantial progress," and he suggested heeding Commander Ortega's invitation to continue fine-tuning the discussions.

Arce thinks the mixture of traditional and new figures poses a challenge to the National Directorate: "We need to learn from the incoming youths and climb to the level set by our heroes and martyrs, whom we replaced in the struggle against the dictatorship."

Ramirez To Remain in Party

PA2605154294 Managua Radio Sandino in Spanish 1200 GMT 25 May 94

[Interview with Sergio Ramirez Mercado, FSLN faction leader, by unidentified reporter; place and date not given; from the "Events" newscast—recorded]

[Text] [Ramirez] I want Nicaraguans to know we are aware that we still have work to do and that we have a political position to pursue. I want to reiterate that I have listened to fellow Sandinists and believe that their views are logical. The party's common interest is above my own. We have always worked for the common interest. The FSLN represents social rather than political interests. The FSLN seeks to benefit the majority of Nicaraguans; stability [words indistinct] is not enough. We have always strived for social laws that help alleviate the current poverty and misery facing Nicaragua. In light of these goals, which are above my personal interests, I have reconsidered my decision.

[Reporter] The decisions of the FSLN bloc will always be subject to the Sandinist Assembly. I am referring specifically to the constitutional reform regarding reelections.

[Ramirez] Constitutional reforms were discussed by the Sandinist Assembly, which is the FSLN's highest consultative body. The Assembly approved guidelines for negotiations, and the Sandinist bloc has fully complied with these guidelines. We have worked with the other factions on the draft constitutional bill, thus abiding by the said guidelines. I believe this matter will not be reviewed again by the new Sandinist Assembly.

[Reporter] Then, will the FSLN be subject to the Sandinist Assembly?

[Ramirez] There is no reason for the FSLN not to be subject to the Assembly since it is a political party. As William [name as heard] said, the Sandinist Assembly is a part of the political whole embodied by the FSLN.

Finance Minister Discusses Sandinist Congress, Economy

PA2605183894 Managua Radio Nicaragua Network in Spanish 1200 GMT 24 May 94

[News conference by Nicaraguan Finance Minister Emilio Pereira with unidentified reporters at the Augusto Cesar Sandino International Airport in Managua; from the "This Morning" newscast; broadcast in progress—live]

[Text] [Pereira] ...that Nicaraguan people have followed, and this exposes the [words indistinct] country's stability.

[Reporter] What is your opinion on the results of the Sandinist Special Congress?

[Pereira] It is important for the country's future development to show political stability. This is why it is very important [words indistinct] of the parties to show the rest of the world that Nicaraguans have a (?common vision) of the country and that we all want the same thing for this country. The results concern us [words indistinct] because, basically, one current imposed itself on another. In one way or another pluralism [words indistinct) future development of democracy in Nicaragua [words indistinct] is not clear with these results. More than anything, the radical sector, which seized the key positions, has had a marked influence.

[Words indistinct] the government's economic and social policy. To a certain extent this [word indistinct] because the economic and social policy followed by the government has been aimed mainly at correcting mistakes of the past and dismantling a number of things, such as controls on domestic commerce and foreign trade, bank monopolies, and the concentration of businesses in state hands [words indistinct] reverse many things that the previous government had done.

Given that the previous government was headed by Daniel Ortega, who now heads the Sandinist National Liberation Front [FSLN], as determined by the Special Congress, he obviously tends to oppose our actions because we are [word indistinct] many things they did. I have, however, said publicly that Daniel Ortega was going to face a very difficult situation.

If the FSLN does not change—although he has this opportunity and his party gave him this new responsibility—in the long term the FSLN might not survive. If the party changes [words indistinct] direction of what the government has been doing; that is, that savings are valuable, taxes are paid, credits cannot be given away. An economy based on subsidies [word indistinct] in Nicaragua or elsewhere in the world. We must transfer productive resources from the public sector to the private sector and reduce consumption to increase production [words indistinct] there are simply no resources to meet all that demand.

A responsible political leader must tell [passage indistinct]. Thus, my opinion is that there is some concern because the current that [words indistinct] needed to help Nicaragua move forward [passage indistinct] there will be contributions to this country if there is a change within the FSLN. If it does not change there will be no progress [words indistinct] for the good of Nicaragua.

[Reporter] Dr. Pereira, in his speech Daniel Ortega called for three things: promoting a national movement to win the 1996 elections, defending revolutionary achievements, and confronting the government's neoliberal policies.

[Pereira] I think that it is important that there exists in this country the political desire to win the upcoming elections to [words indistinct] of this country. The great [words indistinct] of Nicaraguans is that the fate of this country has been in the hands of extremists [words indistinct] if we continue to leave the fate of this country in the hands of extremists. The church itself, in its recent pastoral letter, called on all citizens to participate in politics [words indistinct] power fell in the hands of extremes in Somozist and Sandinist times [words indistinct].

As for the neoliberal policy [words indistinct] we are promoting a market economy. In the modern world, unfortunately, the market economy model and the [word indistinct] is the model that will create employment in a sustainable manner and will reduce poverty [words indistinct] in these modern times would be deceitful [passage indistinct].

As for the achievements of the FSLN, I think that [words indistinct] among the poor, but for that to happen conditions must be created to produce material goods and wealth. Many of the great achievements of the Sandinist process [words indistinct] based on Socialism. During their 10 years in office that government spent more than it received in revenues. When a government spends more than it receives, it makes society poorer. It is not possible to [words indistinct] of the poor when society was made poorer for consecutive years. Only when the government spends less than it receives in revenues will it be able to [word indistinct] society.

Thus, the way to combat any problem [words indistinct] that there be austerity and savings, that the size of the public sector be reduced, that the productive sector be programmed differently, and above all, that there be contributions to the attainment of political stability. In this country [words indistinct] of those who burn tires and stage uprisings, is to deceive the people.

I recently read a report on the situation in the rural sector related to how the previous administration's economic program caused a real disaster, specifically in the condition of rural women. I am convinced that this is why they lost the elections.

The entire population, and mostly women, are aware of the unfortunate consequences that could come about when the country is continuously subsidized, there is ceaseless paternalism, and it is treated like a small child. We recently visited several San Carlos communities, and it was quite refreshing to listen to the people say that they were not interested in any type of subsidies or handouts and that all they really wanted was an opportunity to work. This can be accomplished through an economic model such as the one we are currently promoting. This is the same case throughout most of the rural sector and also as it relates to women. These sectors are aware that the practice of granting largess and subsidies does not lead [words indistinct].

In concluding, I would like to say that I believe that, regarding economic policy, the only thing we can learn from the previous administration is exactly what we should not do. Nevertheless, that does not solve the problems of the most needy sectors; you are all aware of this. Regarding FSLN economic policies, it is quite clear

that there has been no encouragement to attract investments, and this is not something the government says. This has also been a major Sandinist failure. On the social side, there has also been a lot of cosmetics.

Therefore, looking at things objectively, I believe that those of us who are involved in the dialogue are aware that there is an opportunity for Daniel Ortega. If he simply starts to promote a policy of sustainable growth based on [word indistinct], then I believe that he can truly contribute. If he changes his practice of promoting violence, aggression, and confrontation, then he can definitely contribute. This will also be the case if he makes promises based on concrete arguments and not vague [words indistinct], then he can most definitely contribute. If changes are made in the right direction, he can obviously contribute enormously, and the Nicaraguan people will be thankful.

Now, regarding the elections, my forecast is that they definitely stand no chance of winning. The Nicaraguan people still remember quite clearly. Obviously the FSLN still has a long road to travel mostly to recover its identity, if not its unity. However, this does not mean they do not possess an identity. Identity entails having a clear economic program on what can be done to contribute to the country's development. So far, the only thing that has happened is that they have blocked this country's development. We still have to see what they can do to develop this country.

Panama

ARI General Manager Contemplates Resignation

PA2605162794 Panama City Telemetro Television Network in Spanish 1730 GMT 25 May 94

[From the "Telemetro Reports" newscast]

[Text] It has been disclosed that Juan Blau, general manager of the Interoceanic Region Authority [ARI], could be preparing to resign. The likelihood of Mr. Blau's resignation has prompted several meetings and concern among the other ARI directors.

ARI adviser Adolfo Obarrio commented to "Telemetro Reports" on the possibility of the resignation of the current ARI general manager.

[Begin Obarrio recording] All I can say is that we have been working normally and have even progressed significantly. I am not aware of anything out of the ordinary taking place at this time. I am aware, however, of the reports that have been circulating through the media. It would seem that there is a report that speculates that Mr. Blau could be thinking of resigning. Why? I do not know since I have not yet spoken to the other ARI directors. Therefore, I am not aware of any specific reason that could prompt such a decision. [end recording]

Mr. Blau's replacement is an issue the ARI Board of Directors will have to evaluate.

[Begin recording] [Unidentified reporter] If Mr. Blau did decide to resign, who would replace him?

[Obarrio] That is a good question because at this time there is no deputy general manager. I am not a lawyer and would not like to get involved in an area that is out of my competence. Nevertheless, I understand that no government official can resign from his post if there is no replacement. I also understand that the law requires that a replacement be selected from among several candidates. Therefore, Mr. Blau would have to remain in his position until the new general manager is selected. [end recording]

ARI Board Accepts Resignation

PA2705012794 Panama City TVN Television Network in Spanish 0000 GMT 27 May 94

[From the "TVN News" newscast]

[Text] This afternoon, the Interoceanic Region Authority [ARI] Board of Directors issued a communique accepting the resignation of General Manager Juan Jose Blau.

According to the communique, which consists of three paragraphs, the majority of the Board members decided to accept the resignation, which will become effective on 30 June, a date mentioned in the letter that Blau addressed to the organization. The directors' decision was reached after a meeting held on Wednesday, 25 May.

The communique underlines the fact that General Manager Blau has participated in very important ARI activities. The document further states that Blau leaves a trail of honesty and devotion to duty, which merits recognition. The document is signed by ARI President Dr. Carlos A. Mendoza.

Foreign Minister-Designate Interviewed

PA2605122794 Panama City TVN Television Network in Spanish 1600 GMT 22 May 94

[Interview with Foreign Minister-designate Gabriel Lewis Galindo by Luz Maria Noli at the TVN Network studios in Panama City; date not given; from the "Dialogue" program—recorded]

[Text] [Lewis] Thank you very much for inviting me. I am very grateful to be here with you.

[Noli] Sir, what will be the foreign ministry's main goal?

[Lewis] Well, Luz Maria, the main goal is to contribute to Perez Balladares' number one priority, which is to improve the living conditions of Panamanians through the creation of well-paid jobs. To contribute to this, we plan to create a new Panamanian diplomacy, which besides addressing bilateral issues with other governments, will also be an instrument to promote our country. I believe the diplomatic corps has been ill-used. I believe the diplomatic corps should have important

functions in promoting investments in our country and promoting the sale of our products. I also believe it is a priority task to secure scholarships for Panamanians.

Here we are always under the impression that our geographical position is our country's greatest asset. I do not share that opinion. The greatest asset of any country is the education of its people. We have to radically improve the Panamanian educational level. I do not foresee shirt-making plants here. I think we must prepare ourselves for the 21st Century so Panamanians will have skills, through education, to be able to have jobs requiring technological knowledge.

[Noli] You are aware that during the seventies, Panama conducted a diplomatic offensive that put this country's name on the map. How is your diplomatic offensive going to differ from that of the seventies based on your projections for the foreign ministry today?

[Lewis] Dr. Balladares believes as I do, that diplomacy should be conducted on a one-on-one basis, the same way that General Omar Torrijos carried it out during the seventies. Proof of this is that on Friday, President Perez Balladares; Jose Luis Sossa, Perez Balladares' national security adviser; and I were in Costa Rica. In Costa Rica, we discussed issues of great importance to the two nations. We are going to establish joint policies on how to fight drug-trafficking, on border disputes, and on a range of issues that cannot be solved through diplomatic notes. They must be solved, as the late Gen. Torrijos used to say, between the pitcher and the catcher. That is what I propose to do in cooperation with Dr. Perez Balladares. Tomorrow, the three of us leave for Santa Fe de Bogota to discuss with President Cesar Gaviria and his team steps for cooperation in many areas. One of them is drug-trafficking, which is one of Dr. Perez Balladares' priorities. In this way, we can try to change Panama's bad image abroad.

[Noli] You have mentioned our two neighboring countries. As I recall, in the seventies there was a saying that we should have an extraordinary relationship with those countries next to which we sleep. And I remember that at that time, Costa Rican President Daniel Oduber, if I am not mistaken, said that whatever Panama says, Costa Rica will follow. Do you hope relations with our neighbors will maintain the same excellent status of that time?

[Lewis] Well, of course. Without having yet taken possession of the foreign ministry, I have already spoken a number of times with Costa Rican President Jose Figueres, with whom I have a great friendship dating back to his father's time.

[Noli] Also, at that time there was a relationship with another country—the United States of America. It was a relationship of friendship and partnership, and you were a protagonist of that relationship at a time when you could enter the White House practically unannounced, something which was very difficult for other ambassadors to do.

[Lewis] Luz, I am going to tell you something. Being a nobody, I lunched with President Reagan while he was president, and recently I was in the White House having lunch with some very important officials. I did not see President Clinton, who was at a news conference. But I can tell you that I have maintained the ties I made with important people in the United States when I was ambassador in 1977, and that my circle of friends in Washington has increased. They feel great respect for me and I for them. Consequently, in this atmosphere of mutual respect and dignity, I believe I can be of service to my country.

As a matter of fact, I was already retired because every cloud has a silver lining. When Noriega exiled me in 1989—and I spent three years in exile—my sons took charge of all the family businesses. When I returned in 1990 [year as heard], I found that my children had done a better job than I had. So I was unemployed and I retired to a life of resting and reading.

Truthfully, when Dr. Perez Balladares invited me to join him—he being a president elected by the Panamanian people with a tried and proven interest in creating a national reconciliation government—my conscience would not permit me to reject his offer. I believe what President Kennedy said on one occasion: Ask not what your country can do for you, but ask what you can do for your country. That is why I am here today. And I have great confidence Dr. Perez Balladares will move forward. He has the best intentions to make our country morally and economically sound.

[Noli] Tell me something. Let us talk about a partnership and friendship with the United States. How are you going to accomplish that?

[Lewis] I think the relationship between Panama and the United States should be conducted very closely between our foreign ministry and the U.S. Embassy, and our embassy in Washington has to play a very important role. In the United States, there are different power centers. The legislative branch is a great power in the United States. That is a real democracy. One has to make contact on a personal basis and I am certain that the person proposed by Dr. Perez Balladares as ambassador in Washington will be able to fully carry out all these activities.

I think our relationship with the United States needs serious attention. This has to be done with great professionalism, with much dignity, and with mutual respect. The United States is our friend, and we should perceive it as our friend. Today, it is the most powerful nation in the world and we should capitalize on the very special relationship we have with the nation. I do not in any way believe that the relationship with the United States should be conducted through blocs. We must speak with the United States as equals, with respect, but within a relationship beneficial to our interests. We cannot view the United States from a regional point of view.

[Noli] Does that mean that when we talk with the United States it will not be through the Central American bloc or any other bloc? Are we are going to talk as partners?

[Lewis] Talking with the United States through a regional bloc would mean losing our special relationship with the United States versus the rest of the countries.

[Noli] Tell me something about speaking with partners and friends. How does that fit in with a certain part of the population that feels that the U.S. bases should remain here for economic reasons?

[Lewis] Look we, and when I say we I mean the group that supported Gen. Torrijos, were determined to let future generations decide the relationship between the United States and Panama whichever way they believed was in the best interests of Panama. I remember that after the signing of the treaties at the OAS, Gen. Torrijos, who was my guest at the embassy, told me something that is still very clear in my mind. He said: Gabriel, we have fulfilled our mission. We have removed the ill-fated perpetuity clause from the treaties with the United States, and now a new generation will have to decide if it is in Panama's best interest to have the U.S. stay in the country after the year 2000. That is the prerogative of the new generation.

I never expected, however, to be involved in the decision of the next generation. That makes me the oldest among the youngest.

[Noli] Don Gabriel, from 1970 until 1994—there are 24 years in there, if my math is correct, right?—the world has suffered dramatic changes in this period. For example, the Soviet Union is no longer the Soviet Union, the Berlin wall does not exist, and there is a situation in East European countries that is totally different from the Yugoslavia of Josip Broz Tito. To try to achieve a diplomatic offensive in this changing world and occupy the position we once held, will that not leave us a bit out of sync with the present?

[Lewis] We are pressed for time, but the capacity of the Panamanian people is great. If we can assemble an adequate team and do things properly, I think that within six months of President Perez Balladares' inauguration, we should be able to change our image.

This will require shock treatment. It cannot be done slowly. The change has to be dramatic. We have to do heroic things to gain the confidence of foreign investors and foreign powers. We have to make sure they are fully aware, first of all, that we can operate the Panama Canal efficiently. We have to get rid of Panama's bad name in terms of drugs. We have to do this in earnest, not just with lip service or by simply saying we want to change. We have to do it with actions.

Listen, this has been a family slogan since the first Lewis arrived here at the beginning of the 19th Century: Deeds, not words. Therefore, I propose to uphold the family motto and to do precisely this. I firmly believe that Dr. Perez Balladares, more than anyone else, is interested in getting this done.

We have to do it quickly, through conversations with the U.S. Government, the Colombian Government, and the Costa Rican Government, which are, for obvious reasons, the countries most involved with us in terms of drug trafficking. As soon as we begin to take positive steps and have the necessary ties to make the international media perceive our country differently, things will change quickly.

Can you imagine, the other day a French banker came to see me and said, man, I feel sorry for the Panamanian people. In Paris, I heard on television that there had been honest elections in Panama. That is great, but the report added that Panama is a country whose economy depends, to a large extent, on drug trafficking.

There is no one to refute this. If we do not assemble a good team made up of highly professional people, and if we do not do it quickly—because, as I say, these things have to be changed with shock treatment—we cannot accomplish this on a long-term basis. I believe that if Dr. Perez Balladares' government does indeed internalize what I am proposing, I think we will change our image quickly.

Nevertheless, Luz, I cannot go out and say that this lady is a virgin, and then have it proven that she lives in a brothel. The internal and external image have to be one and the same. I hope we can achieve this, because Dr. Perez Balladares has great leadership abilities.

He has the support of the PRD [Democratic Revolutionary Party], the largest political party in the country, which I think is convinced that structural changes are needed to improve the condition of all Panamanians. The world is headed toward the globalization of markets, toward a number of ecological changes, and toward the improvement of its inhabitants through education.

Just take the case of Costa Rica. While we are dealing with all these issues, Costa Rica has been advancing, has been taking advantage of the situation. Costa Rica has embassies that are always looking for business prospects. They have attracted an enormous amount of foreign investments. The last time I was there, I learned that Costa Ricans estimate they have $100 million in investments for reforestation. The production of energy has become a problem for the ozone layer. When electricity is generated, certain gases are released into the atmosphere and one method of fighting this is to make the world green again. The investment in reforestation in the United States is tax deductible, and Costa Rica has skillfully managed to make investments in reforestation in Costa Rica also tax deductible. Consequently, many investors from affected companies have moved to Costa Rica with pleasure because of the peaceful atmosphere and the democracy that reigns in that country, a democracy that we have just recently acquired. So we are on the right path.

[Noli] Mr. Lewis, you are an entrepreneur. You are a businessman. Now you are going to be the foreign minister. How are you going to reconcile being a businessman in the private sector and suddenly being a government official in such a delicate position as the foreign minister?

[Lewis] Luz, first of all I want to say that I am going to organize a group of talented people about me. It is the same as when you are going to establish a new business. A large part of the success of a new business is the people with whom you surround yourself. This is one of the reasons I have always organized businesses by surrounding myself with specialists. I asked Dr. Omar Jaen to be my deputy minister because he is very talented, very well educated, and very respected by the diplomatic corps. He will attend to all those things in which I am ignorant but in which he has an overabundance of knowledge. I have also asked Dr. Jaen to begin a specialized study of the characteristics of each embassy, what is required, an outline of the type of ambassador that should be assigned there. I do not want ambassadors assigned because they are so-and-so's uncle, brother, or son, but people who can represent Panama in the exterior as it should be represented.

I was very ashamed the other day when a very prestigious diplomat of a friendly country, who came to observe the elections, talked at length with me, and told me that his foreign office was very upset with Panama. I asked him why. He said because of the quality of ambassadors we send them.

Our ambassadors are very poorly paid. They are people who wind up in all kinds of activities, all the way from drug trafficking to the illegal sale of cars. These people ruin our country's image. I do not agree that our embassies should be only for people with large resources. Of course, there are some rich people who are very well qualified, but there are also people who are not well off but who can represent Panama with pride. I do not want to reinvent the wheel. Around the world, there are diplomats from every country and you do not hear a scandal about them—that they smuggled cigarettes into the country, that they were involved in drug trafficking, or that they falsify and sell passports—for the simple reason that those countries pay their foreign representatives salaries in keeping with the economic situation of each one of them. And this practice is generalized.

We are one of the few countries in which the ambassador to a certain country, if he is the president's friend or the foreign minister's friend, will try to get extra money from another fund or from an autonomous institution. That has to be stopped. I was talking with a Panamanian career diplomat who told me that what is important is to reorganize this ministry so that things are done as they are done in other countries. There is a report which the World Bank updates every three months, and another from the IMF which indicates the cost of living in every country. Those in charge of forwarding the salaries and representational expenses to the embassies and diplomats abroad abide by these reports automatically. If the cost of living goes up in Buenos Aires or goes down in Tegucigalpa or Tokyo, the salaries go hand in hand with these changes. You cannot send an ambassador to a certain country and have his salary be insufficient to cover his rent.

[Noli] What you are saying is that the people who will represent the country do not necessarily have to be career diplomats. You are also talking about a complete reorganization of the Foreign Ministry and of the salary allotments for each post. Is that what you are saying?

[Lewis] I believe we need a general reorganization. To accomplish that I need the president's support, which of course I already have, and I also need support from the legislative branch. When it is time to discuss the Foreign Ministry, they must understand that we need to include the element of floating costs, which is something we have never seen here. If we do not, we will continue to have a unrespected diplomatic corps. I need them out there as vehicles for promotion of our country. That is why I want to look at the kind of image our ambassadors will need to project to each country. I do not want to send someone just because his wife cannot stand him or because he has no way of paying for his son's university, in which case the Human Resource Education and Training Institute should offer him a grant or a scholarship.

We say we are a privileged nation, thanks to our geographical position. Our geographical position means nothing if we do not have the right people. Let us prepare them. That is why I want to bring scholarships from abroad. Take Singapore, for example. They have the same population as we do and they are one of the richest nations in the world today. It has nothing to do with geographical position, that is absurd. It is because of its people's capability. This was only possible over time, mind you, as this could never be achieved overnight. I may not even witness it here, but you will, because you are quite young.

[Noli] [Laughing] How diplomatic you are!

[Lewis] Just think. The government of Singapore will pay all the expenses of anyone who is admitted to one of the top ten U.S. universities; MIT, Harvard, Stanford, or the like. The person agrees to return to Singapore and work for the government or private enterprise. The individual becomes a capital investment for Singapore. Frankly speaking, after a few years we could go out into the world and sell Pananamian capability, then all kinds of enterprises will set up shop here.

[Noli] You spoke about the embassies and the kind of ambassadors we want. Rumor has it that Jorge Illueca will be at the United Nations; Ricardo Alberto Arias will be in Washington; Aristides Royo in Paris; Aquilino Boyd in London; and I believe the last person to be mentioned for the embassy in Spain was a woman. Is this in accordance with what you are saying now?

[Lewis] Let me be a little indiscrete with Mr. Perez Balladares. Mr. Perez Balladares and I select all of those names, except for Spain, but because of diplomatic protocol we should not make any announcements until we receive the approval from the host countries. The only one I have officially announced is Jorge Illueca. Any one of the people you listed could be confirmed as ambassador. They are all prominent citizens and we can feel proud about the work they will do. I am sure all of them clearly understand what Mr. Perez Balladares wants. We have to improve the quality of life for Panamanians and to do so we must attract foreign investment. He said so in Rambala again yesterday.

[Noli] You know something? Panama is known for being a country of convenience. A short while ago, in the previous segment of the program, you told me that in six months we could change this country of convenience image. How will you do this in so short a time?

[Lewis] I do not think I can do what you mention about Panama as a country of convenience. I mean the image of a country involved in drug trafficking, a country with a corrupt government. The country of convenience concept originated in 1936, when Dr. Harmodio Arias decreed that ships from other countries could be registered in Panama to lower their costs. That is much more complex and I have not even thought about it. I am not thinking about Paris or Tokyo newscasts doing us harm. What I want is to portray Panama as a safe country for investment.

The most important thing is to have a democratically elected government. This is a priority requirement. If this is present, I am sure that Perez Balladares' team will quickly improve the Panamanian people's condition. But we need everyone's cooperation. One other thing, and this includes you, too. In a country trying to attract foreign investment, such as Costa Rica, there are agreements among all political forces. When it comes to attracting foreign capital, the government and the opposition will work in harmony. Some things must be accomplished by the government and the opposition working together. I think Mrs. Mireya de Gruber will be the opposition leader here. At some time, President Perez Balladares will have to sit down with her and say to her: We need this strategy to improve the Panamanian people's condition, but we need your cooperation. This is what civilized countries do. Let us not throw rocks at one another because it will be the sons and grandchildren of Balladares and Mrs. Mireya who will be hurt. We must move Panama forward. It is easy, provided we work together.

[Noli] Tell me something, Mr. Gabriel. How will you implement this strategy you have outlined, considering that PRD is the government's political basis and, during the last years of what Juan Materno Vasquez describes as the ancienne regime, you were one of the most articulate opponents of the government led by Noriega?

[Lewis] Very simple, Luz. As in every other party, in the PRD there are very good people and there are useless people, who have not distinguished themselves in any of the ways I have mentioned to you. The majority of the PRD people, nevertheless, agree with this criterion. I have talked with many of them. Remember, I worked closely with Gen. Torrijos and I am well acquainted with the PRD people, some of whom are very good. The bad thing is that the military had taken over the PRD and had taken the party prisoner, so to speak. I think those who most benefited from Noriega's ouster were the PRD members who are now free to lead a party independently. Previously, however, the PRD people were under the military's authority. For instance, one colonel might say: This is the policy. The PRD people are full of pride and self-esteem. Now they feel free, most of them at least.

[Noli] Tell me something. Has a true effort been made during the Endara administration toward Panama's integration with Central America? To what extent will this new relationship that you intend to establish affect what has been done so far?

[Lewis] Fortunately, as far as I know, the pledges made by the Endara government had to do with political and cultural agreements only. There is no agreement with Central America for economic integration. I say fortunately because, should we enter an economic market with Central America, we would be at a disadvantage. We would have to equate tariffs on all products with those established by the other Central American countries. Unlike the other Central American countries, we have a hard currency, the U.S. dollar. No industry would be established here. All of them would move to Tegucigalpa or San Salvador, where labor cost are far lower than in our capital. Consequently, the social cost of our incorporation into Central America would be similar to incorporating into NAFTA for the benefits that would be provided by a truly large market. We would have to pay a high social price and no additional jobs would be created in Panama.

[Noli] Pardon me for interrupting, Mr. Gabriel. I am under the impression that the new approach of industrialized countries is as a bloc. For instance, NAFTA is made up of the United States, Mexico, and Canada.

[Lewis] I can tell you a story. Guillermo Chapman, the new planning minister, has always had a dream. Panama is very fortunate for his having accepted the appointment because he has devoted his life to studying everything related to improving the Panamanian people's standard of living. Dr. Chapman visited me several times while I was in exile. One of the main topics we discussed was Panama's incorporation into the U.S. market. NAFTA had not yet come into being. After the invasion took place, Dr. Chapman and I discussed in depth the possibility of proposing to the United States the signing of a free trade agreement with Panama as part of a compensation. NAFTA had not been created. Can you imagine what would have happened had we

incorporated ourselves into that market as part of the compensation? That would have been quite a different story. Panamanians would enjoy stable jobs and better living conditions. And there was a good climate for this proposal. We requested the current government file a request with President Bush, who would address the Congress to ask for compensation for Panama. But Congress never responded to our request. This was very frustrating for Dr. Chapman and I.

I am sure, however, that, if we act with the new diplomacy that I intend to use.... [pauses] I have come to this ministry, not to get acquainted with people, but precisely because I know people. Since I am convinced of the value of interpersonal relations, I would like Panama to have an opportunity to advance this idea, but not as part of a bloc because the reasons for including Panama in it are not valid. On the one hand, we do not have their type of economy. On the other, we do not have special relations with one of the partners, the United States.

But I would like Panama to have a rapprochement with Mexico. Mexico is our big brother. Mexico has implemented radical economic changes, and it constitutes a good example for us to follow. I am confident that the Mexicans, with whom we had very strained relations until recently, will soon become our big brothers again. Hopefully, Mexico and the United States will help us make a serious attempt to establish formal relations with Canada. We have virtually no relations with Canada since this country has no consulate or embassy in Panama, and all procedures must be conducted through Costa Rica. Establishing high-level relations with Canada would be one of our priorities.

We are outlining the path—as if we were managing a business—we will follow to attain success. Dr. Chapman will play a leading role regarding the economy. I will be one of his instruments abroad to ensure the success of this endeavor. You are going to like the way we are going to work because the media and public relations element play a significant role in this entire project. We must have the support of all Panamanians, including the opposition, the government, the media, the people, everybody, to get Panama out of this mess.

[Noli] Central American integration will not take place until the EEC decides to allocate the funds assigned to specific geographic areas. The funds have been earmarked for a specific geographic area called Central America, which implies that we could be part of that bloc. If we are not in the bloc, how will relations with the EEC be managed?

[Lewis] The cost of joining that group and receiving those EEC funds, which are not that substantial either, is high because it deprives us of our capacity to negotiate directly with the United States. We must seek to preserve our bilateral relations with the United States rather than join any bloc. We should not join a regional bloc only because of the money Europeans will be giving out. The United States may like Panama very much, but if they can unload us by our joining a regional bloc, I believe they would be most happy to do it. I would feel the same way if I were in charge of U.S. foreign policy. What we must do is avoid that situation. This does not mean we want to offend any Central American nation, they understand us perfectly. I have talked to former Central American presidents such as Daniel Oduber, who is a dear friend of mine. They are truly aware that our situation and that our economy is different from their economies.

[Noli] How will you tackle our relations with the Far East, namely Japan, especially now that Japan's situation vis-a-vis the United States has changed to such an extent that President Clinton is doing everything within his power to make U.S.-Japanese relations as harmonious and convenient for his nation as possible?

[Lewis] I repeat, we are very lucky. I have traveled to Japan on many occasions; I have very good friends in Japan. The Japanese know that Panama cannot be treated as part of a bloc because Panama has a canal. Japanese trade depends heavily on the transit of vessels through the canal. We must capitalize on this. Japan is a difficult country to deal with, but there are specialists. We must specialize people. As I said, we must define the profile of each delegation we send to a particular country. The ambassador that we will send to Japan cannot have the same characteristics as the one who has to deal with the British. We must specialize. We must take into account the idiosyncrasies of each people.

Moreover, I expect PRC traffic through the canal to increase in the early 21st century. We must begin to establish the necessary links with them. The Chinese are building what is thought will become one of the world's largest merchant marines. We must update ourselves. We must look ahead, we must plan what we will be doing in the year 2010, as serious countries would.

The other day, Luz Maria, I visited a learning center in the United States that is drafting a plan on how medicines will be sold in the year 2010 and the pilot for this plan cost $150 million. The world knows that the clock does not stop. Everything stopped here, absolutely everything. The self-esteem of Panamanians dropped. I do not like this at all. We must raise our self-esteem. We must accomplish this by telling the people that we will overcome our problems if we all work together.

The first step was taken last week when Mr. (Harold Bernstein) of Petroterminales visited Panama, and in the company of Dr. Ernesto Perez Balladares, they announced investments of over $100 million. This is the most important foreign investment in the past 10 years.

[Noli] But tell me something, to do all those things we need money. High self-esteem and jobs are obtained with money, but it seems that there is a connection there. What will you do to achieve this harmony?

[Lewis] When I started to work, I did not have money for gasoline for my car. I did not steal one real [five

centesimos] from anyone, but I managed to provide a comfortable life for my family. Luz Maria, improving Panama's image will help local commerce because people will not come to Panama if they feel that their safety is jeopardized. No one wants to come to Panama or get established in Panama due to the links to drug trafficking.

Commerce and the Colon Free Zone will benefit if we manage to clean the country's image. I mean the honest ones in the Free Zone because we must get rid of the bad ones. I am sure that if we appeal to them, we will be able to raise a certain amount of money, say 1 or 2 million [not further specified] or whatever is required to move forward and sell [words indistinct]. Our plan seeks to build a new Panama within five years. We want to ensure that we will have many things established along our coastlines come the year 1999, when we will have to takeover the canal. We need to open up to the world.

President Carter, with whom I have a very great personal friendship, and who heads the Carter Research Center, told me the other day: I am quite fascinated by these elections. I have not seen cleaner elections than Panama's.

I would be willing to establish a team of people to invite to a seminar, figures from around the world who have business with the canal, to let them see the birth of a new Panama, that we have allies, that there are people who love us.

[Noli] Dear viewers, this was a conversation with the man who will lead the foreign policy of the Republic of Panama beginning on 1 September.

Argentina

Menem: Not 'Much Hurry' for U.S.-Wanted Patents Law

PY2705004894 Buenos Aires NOTICIAS ARGENTINAS in Spanish 0015 GMT 27 May 94

[Text] Buenos Aires, 26 May (NA)—Today, President Carlos Menem stated "there is not all that much hurry" to debate the pharmaceutical patents law, and he flatly rejected the possibility that this would provoke "any type of friction" with the U.S. Government, which is demanding quick approval of the law.

"I have spoken with the ambassador (from the United States in our country, James Cheek) and he told me there is not that much hurry on this topic," Menem said.

He also highlighted the fact that "the United States understands that the delay in Congress is due to the need to achieve a better law."

In remarks to the Buenos Aires radio station La 9.90, the president again denied that the United States was applying pressure to get the pharmaceutical patents law approved.

Di Tella Says UK 'Obstructs' Government Relations

PY2605220594 Buenos Aires Radio Nacional Network in Spanish 1600 GMT 26 May 94

[Text] Foreign Minister Guido Di Tella stressed that the UK obstructs the relationship with the national government when it expresses doubts about Argentina's attitude concerning military re-equipment.

The minister asked the U.S. Government to intercede with the UK in a gesture of political trust, to improve relations between the two countries.

Nevertheless, Di Tella made it clear that trade relations with the UK are excellent. But he stressed: We are in a very bad mood over the embargo imposed on Argentina concerning the re-equipment of its Armed Forces.

The Argentine foreign minister also confirmed the decision to remove the mines installed in the Malvinas Islands during the 1982 military conflict.

Here is a report from (Gaston Sulage):

[Begin recording] [(Sulage)] Thank you very much. Today, Foreign Minister Guido Di Tella opened a round of talks at San Martin Palace between Argentine Foreign Ministry and U.S. State Department officials with a broad agenda, basically including issues linked to bilateral and regional security.

Foreign Minister Di Tella addressed Thomas McNamara, U.S. State Department acting principal secretary for political-military affairs [title as heard], and U.S. Ambassador to Argentina James Cheek. Here are Di Tella's remarks:

[Di Tella] Have we managed to transmit the image of a peaceful and cooperative Argentina to the world only to a certain extent, as there is a country that is your and our ally that doubts this image, namely the UK.

This is a very important issue for us. The UK not only blocks material equipment like spare parts for a Rolls-Royce turbine or airplanes, an issue that was discussed and for which we are very grateful for the final decision you made, but obstructs in a different way by expressing doubts about the Argentine Republic. And the UK is a key country in the Western alliance.

I actually believe the UK does not harbor any doubts. It (?depends) on a disabling bureaucracy. It is hard to find a bureaucrat who changes his or her opinion and takes the initiative of saying dismissed [preceding word in English] on an issue that has been dragging on for 12 years.

Nevertheless, this is a problem that bothers us a lot, not a bit, but a lot. And I believe you can do a lot—not a bit—to end it.

I believe you have made a great effort concerning the Skyhawk issue. We appreciate your effort, not only as a material gesture, but as a political gesture of trust, which actually is what really counts.

We believe that the UK is allowing this issue to fade away. It has its own internal lobbies [preceding word in English] and does not want to appear one day saying: We have discontinued the embargo.

Nevertheless, the embargo really puts us in a bad mood, in an extremely bad mood. Either the embargo is really justified or else it involves people who read the newspapers every 10 years, as there has been an overwhelming wealth of data here. Those who do not want to acknowledge this overwhelming wealth of data on a new Argentina at the international level are not aware of what is happening in Argentina.

[(Sulage)] Di Tella also made it clear that the relationship between Argentina and the UK is ambivalent because it is surprisingly perfect commercially and culturally.

This was a report by (Gaston Sulage) over Radio Nacional. [end recording]

Constituent Assembly Officers Elected

PY2605134294 Buenos Aires NOTICIAS ARGENTINAS in Spanish 0038 GMT 26 May 94

[Excerpt] Parana, 25 May (NA)—The Constituent Assembly today elected by a wide margin La Rioja Province Senator Eduardo Menem and Buenos Aires

Deputy Alberto Pierri, both from the Justicialist Party, as Constituent Assembly president and vice president, respectively.

The ruling bloc also proposed, and delegates approved, the election of Cordoba's Radical Civic Union [UCR] leader Ramon Mestre as first vice president, Buenos Aires' Grand Front [FG] leader Fernando Solanas as second vice president, Aldo Rico's follower from Buenos Aires Roberto Etchenique as third vice president, and Jujuy Popular Movement Deputy Maria Cristina Guzman as fourth vice president.

The Assembly also elected Ricardo Piuzzi, Juan Estrada, and Luis Brasesco as parliamentary, administrative, and coordination secretaries, respectively.

The Assembly approved a motion to hold sessions between 1000 and 2200 from Monday to Friday and to have a voting session once a week, on a day yet to be determined.

The Assembly also approved the composition of the 28-member Powers and Regulations Commission. The commission will be made up of 13 PJ [Justicialist Party] delegates, seven UCR delegates, three FG delegates, two Modin [Movement for Independence and Dignity] delegates, and three representatives from provincial parties. The commission will be responsible for evaluating the different rules and regulations proposals and for elaborating a final draft. [passage omitted]

Roundup of Economic Reports

PY2605231594

[Editorial Report] The following is a compilation of reports on economic activities monitored through 26 May.

The Economy Ministry has approved 9.5 million pesos in petty cash for the Presidential Secretariat, the Natural Resources Secretariat, the Drug Abuse Prevention Secretariat, the Science and Technology Secretariat, the Social Development Secretariat, and the Public Function Secretariat. (Buenos Aires CLARIN in Spanish 23 May 94 pp 16, 17)

On 19 May, business sources reported that Germany has implemented trade sanctions against Argentina for its delay in paying $7 billion in interest to the Paris Club. Argentine-German Chamber of Commerce sources indicated that the sanctions include the suspension of German loans, which are worth $300 million per year, to finance bilateral trade exports. The overdue interest involves loans contracted with German banks within the Paris Club to finance the Yacyreta hydroelectric dam project and the Atucha nuclear power plant project. (Madrid EFE in Spanish 1331 GMT 19 May 94)

Correction to Criminal Court Upholds Dismissal

PY2605144994

The following correction pertains to the item headlined: "Court Upholds Former President Videla's Dismissal," published in the 26 May Latin America DAILY REPORT, page 15:

Column one, first paragraph, only sentence make read: ...has upheld the acquittal of former de facto President Jorge Rafael Videla in a case filed by the Interior Ministry for allegedly eulogizing crime. [new graf]

Following Interior... (rewording).

Last paragraph, only sentence make read: ...The Criminal Court ruling mentioned that Videla had indeed uttered the remarks as charged, but according to the... (rewording)

Bolivia

Roundup of Economic Reports

PY2605232094

[Editorial Report] The following is a compilation of reports on economic activities monitored through 26 May.

A Social Policy Analysis Unit study shows the poverty rate increased 28.4 percent in all department capitals. La Paz registered the highest rate with 32.3 percent; Tarija, 30.4 percent; Cochabamba, 29.3 percent; Trinidad, 29.1 percent; Oruro, 27.3 percent; and Santa Cruz, 27.7 percent. The lowest rates were registered by El Alto with 26.9 percent; Sucre, 26.8 percent; and Cobija, 26.9 percent. (La Paz PRESENCIA in Spanish 16 May 94 p 4)

Capitalization Minister Alfonso Revollo reported the World Bank will grant a $50 million credit to Bolivia for the capitalization project. (La Paz HOY in Spanish 19 May 94 Economic Section p 21)

Brazil

U.S. Regional Trade Blocs, Bilateral Accords Examined

PY2605142594 Sao Paulo GAZETA MERCANTIL in Portuguese 24 May 94 p 5

[Article by Maria Clara R.M. do Prado in Brasilia]

[Text] Brazil and the 12 other countries that make up the so-called Rio Group are willing to continue holding talks about the Summit of the Americas proposed by the United States. In this way, the Rio Group will define issues of common interest, and thus achieve a more thorough integration among the countries of the American continent.

Ambassador Roberto Abdenur, Foreign Ministry secretary general, said: "The Latin American answer to this proposal has been positive." In Brasilia, Abdenur coordinated the meeting between the so-called "troika" faction of the Rio Group (comprised of Chile and Ecuador, in addition to Brazil) and the representatives of the Argentine and U.S. Governments. There are, however, issues on which no agreement has been reached. These must be discussed before a consensus on a specific agenda and a coordinated plan of action is reached.

One of these issues involves trade and the contrary opinions held particularly by Brazil and the United States. The U.S. Government supports the idea of adding other American countries to the North American Free Trade Agreement (NAFTA) through the signature of bilateral agreements. Negotiations with Chile have advanced, and talks with other countries, such as Argentina, have already started. The Brazilian Government, however, believes the agreements must be reached through subregional blocs as in the cases of NAFTA, Mercosur [Common Market of the South], and the Andean Pact.

The Brazilian deputy foreign minister said: "The expansion of NAFTA has not been mentioned. What has been discussed is a gradual process in which the Brazilian side values subregional groups, such as Mercosur and Andean Pact, as the basis for a gradual deregulation of trade in the region."

The U.S. Government's interest in the summit, which was officially proposed by the Clinton administration during Vice President Al Gore's recent visit to Latin American countries, can be measured by the high-ranking level of the U.S. representatives who have been sent to the meeting with the Rio Group in Brasilia: Lawrence Summers, U.S. Treasury under secretary for international affairs; Alexander Watson, assistant secretary of state for inter-American affairs; in addition to delegates from the U.S. Trade Representative (USTR), the trade organization that represents the interests of the United States and the National Security Council.

After the Rio Group meeting, Summers met Central Bank President Pedro Malan during the afternoon. On 24 May, he will be in Sao Paulo to participate in meetings with entrepreneurs. There is also a meeting with Finance Minister Rubens Ricupero on his agenda.

The Summit of the Americas will continue to be discussed at a meeting of the Rio Group member countries, which will specifically deal with the issue, during the Ibero-American conference of presidents and chiefs of state. The meeting will be held in Cartagena de Indias, Colombia, on 14 and 15 June. These talks seek consensus on other issues, such as investment, which are as important as trade.

Abdenur said: "The idea that sustained development can be financed by private capital is a good one, but this is a volatile and unpredictable source of capital, which could cease being available for the long term. The region must therefore count on public resources that can be obtained from international organizations such as the World Bank and the Inter-American Development Bank." He believes these multilateral loans must be granted more swiftly and contain fewer conditions. He stressed: "It is very important to remember that during the talks."

Foreign Minister Wants Import Control Laws

PY2605221094 Sao Paulo AGENCIA ESTADO in Portuguese 1611 GMT 26 May 94

[Text] Sao Paulo, 26 May (AE)—Foreign Minister Celso Amorim and Industry Ministry officials are debating the creation of legislation to allow the Brazilian Government to stem big flows of imported products. Amorim is concerned about the excessive importation of some products following the opening of the economy. Under the new legislation, the Industry Ministry might establish quotas on products for which importation is considered excessive. During a GAZETA MERCANTIL-sponsored seminar entitled "The New Map of World Commerce," Amorim emphasized that Brazil must have appropriate instruments to fight commercial dumping. The minister said the U.S. Department of Commerce has 600 employees working in the anti-dumping area, while Brazil has only four or five professionals.

Economist Views Foreign Reserves Level

PY2605184894 Sao Paulo GAZETA MERCANTIL in Portuguese 24 May 94 pp 1, 3

[Article by Celso Pinto from Sao Paulo]

[Text] Brazil currently has a record level of foreign reserves and one of the most generous trade surpluses in the world. This solid foreign trade front faces, however, two problems that might complicate the situation.

Nearly two-thirds of foreign exchange reserves today consist of short-term commercial loans that are renewable every six months. Furthermore, there has been a heavy rush to collect export revenues in advance and to delay import-related debts. This has resulted in a significant gap between accounts concerning actual shipments of merchandise and financial accounts.

The actual foreign trade balance should stand at $4.9 billion by the end of May. Foreign trade balance figures, however, are expected to reach $13 billion. The $8.1 billion difference comprises commercial loans to finance imports and export revenues collected in advance.

In other words, because there has been such a major increase in this financing, the figures include a great deal of exports that will not bring revenues in the next few months and imports that will have to be paid for later. As it is unlikely that commercial loans will continue to grow at the same pace as they have since the last quarter of 1993, the reserves will drop even if the level of the trade

balance is maintained, which is unlikely if a fixed exchange rate is established upon the implementation of the real in July.

All these figures and analyses were supplied by economist Fernando Montero of the MB Associates consulting firm. His conclusion is not catastrophic, but it serves as a warning.

Irrespective of the political situation, foreign currency reserves will decelerate during the second half of 1994 because of the financial advances already reflected in the trade balance. Montero estimates that reserves currently stand at $40 billion—an all time record.

The other possible conclusion is more delicate. If Montero's figures are correct, short-term commercial loans today total $27 billion; that is, they account for two-thirds of the foreign currency reserves. These loans are renewable every six months and are obviously sensitive to the degree to which the country is trustworthy. If the presidential succession raises serious distrust regarding the debt issue, these loans could rapidly decline as happened in the past.

Montero notes that the latest report released by the Central Bank (BC) on short-term commercial debt is dated March 1992. This report officially estimates that the short-term commercial debt would total $15.7 billion by December 1992. According to BC figures, short-term loans increased by $5.4 billion in 1992.

This figure is quite close to Montero's estimate of $5.2 billion for 1992. Comparing the trade balance figure with the total amount of foreign currency used in foreign trade operations, the difference should account for foreign financing of foreign trade.

These short-term commercial loans have increased substantially since 1991, but the largest increases began in October 1993. Exporters have good reasons for wanting to collect their revenues in advance, while importers seek to finance their costs.

Montero cites three of these reasons: First, the sudden increase in real domestic interest rates. This has made it very advantageous to transform dollars into cruzeiros and to invest them on the financial market. More recently, another reason is the fear of a delay in correcting the exchange rate if, as expected, the government decides to fix the exchange rate for three or four months after the implementation of the real, or for as long as there is residual inflation.

The third reason suggested by Montero is the restriction imposed last year on foreign investment in fixed-term certificates in Brazil through the so-called Annex 4. As a result of this, banks have had greater levels of funds available to finance foreign trade. Moreover, it is obvious that the international banks had the funds available and were interested in granting commercial loans to Brazil. This can be explained by the large profitability and guarantees offered by these loans.

Montero's figures show there has been an increase of nearly $16 billion in the volume of short-term commercial loans since the end of 1991. This explains roughly two-thirds of the increase in foreign reserves during that same period. Montero believes the net balance of financial investment within the framework of the exchange operations market has been relatively small since 1991: $200 million in 1992; $1.3 billion last year; and $600 million from January to May. This falls short of explaining the sudden increase in foreign reserves, even if we consider financial investments and the trade balance separately.

The difference between the overall commercial exchange operations and the effective trade balance (shipments) totalled $4.1 billion in 1991; $5.2 billion in 1992; and a surprisingly high $8.1 billion from January to May of this year.

It is very probable that the enormous volume of export revenues collected in advance will begin to decrease as of July. Changes in the amount and type of commercial loans to be granted will depend on several factors.

Before the debt crisis, the volume of short-term commercial loans totalled nearly $15 billion. By the time the creditor banks' obligation to maintain these credit lines ended as a result of the old "Project 3," which was part of the negotiations held with the banks, this volume had decreased by a little more than 50 percent.

The recovery of the country's credibility in the international financial community and the extremely high profitability of these operations since then has prompted the international banks to resume granting short-term commercial loans. These loans will continue to be granted for as long as the international financial market trusts Brazil. The fact that they are renewable after an extremely short term, however, makes the situation rather vulnerable to substantial changes in the market evaluation of the risks involved in investing in Brazil.

U.S. Official's Talks With PT Termed 'Tough'

PY2705021294 Rio de Janeiro O GLOBO in Portuguese 26 May 94 p 22

[From the "Economic Outlook" column by Miriam Leitao: "Displeasure"]

[Text] Lawrence Summers, U.S. Treasury under secretary for international affairs, went right to the point in his talks with Workers Party [PT] economists.

After announcing that the U.S. Government will respect the outcome of the Brazilian elections irrespective of who the winner is, Summers conveyed all his displeasure. He said: "I have talked with some 15 bankers and they have all expressed concern" about what they heard during PT presidential candidate Luis Inacio Lula da Silva's visit to the United States. "It was a tough conversation," economist Jorge Matoso said, "or frank, as Itamaraty would say."

PT Platform Includes Temporary Tax on Fortunes

PY2605191494 Sao Paulo FOLHA DE SAO PAULO in Portuguese 25 May 94 Section 1 p 7

[Article by Francisco Santos]

[Text] If it wins the elections, the PT [Workers Party] will impose a temporary tax on large fortunes, in order to create a fund destined to finance projects for the creation of a large number of jobs. This information was supplied yesterday to FOLHA by economist Jose Marcio Camargo, one of the designers of the party economic policy.

The tax, which will be collected only in 1996, is one of the sources of money that the PT intends to use to create 8 million jobs during its government term. The party also intends to transfer 10 million workers from the informal to the formal sector of the economy.

According to Camargo, the fund to be created with the tax on fortunes will feed on the profits of the investments that were made.

Camargo added that another fund, which will be created in 1996, will serve the same purpose, but no decision has yet been made on the source from which the money for it will be obtained.

Before creating this fund, the government will reportedly finance infrastructure projects for creating jobs with money from the budget and from social funds.

PT economists were due to meet last night in Rio de Janeiro, under federal PT Deputy for Sao Paulo Aloizio Mercadante, to debate the program for jobs creation and the party macroeconomic program.

Chile

Businessmen Reject U.S. Conditions for Free Trade Agreement

PY2605160994 Madrid EFE in Spanish 1614 GMT 24 May 94

[Text] Santiago, 24 May (EFE)—Chilean businessmen fear that the labor and environmental demands that various U.S. organizations want to introduce into a free trade agreement with Chile would leave this country out of the competition.

Jose Antonio Guzman, president of the Production and Trade Confederation, said that the demands being rejected by Chilean businessmen are sectoral collective negotiation and mandatory unionization, which have already been left behind in Chile.

The businessmen also reject the environmental regulations for production, which according to Guzman exceed the Chilean capabilities of investment, and is a requirement that is not even met in the United States.

Guzman made this comment to local journalists after returning from the United States, where he contacted various U.S. organizations, including union leaders.

Regarding the talks he had held, Guzman said he perceived strong pressure to impose the labor and environmental regulations in the future free trade agreement to be negotiated between Chile and the United States.

In reference to the environmental demands, Guzman said: "We have to be very careful and alert, because a clause of protectionism under the disguise of protecting our interests could be introduced, which is logically something we will not accept."

Regarding the labor clauses, Guzman said the two suggested regulations have already been left behind in Chilean labor legislation, and that business is not willing to reincorporate them "because they are harmful to various labor sectors and consumers."

He added that Chilean business is willing to reach an agreement with the United States, but only, he added, "if it is beneficial for the country, and does not impose environmental or labor regulations that exceed Chilean capabilities and leave us out of the competition."

Guzman explained that his organization is studying the advantages and disadvantages of joining NAFTA, or the possibility of a free trade agreement with the United States.

Guzman said the businessmen will thoroughly study the two choices before issuing a declaration.

Chile and the United States reaffirmed their decision to sign a free trade agreement, to be defined during the negotiations.

Minister 'Very Confident' About Border Talks With Argentina

PY2605154194 Madrid EFE in Spanish 1935 GMT 24 May 94

[Text] Santiago, 24 May (EFE)—Chilean Foreign Minister Carlos Figueroa said today that the country is "very calm and very confident" about the results of the defense it made before the arbitration tribunal that will establish the borderline in Laguna del Desierto. He also denied Argentine reports of an alleged "territorial barter deal."

The minister emphatically denied Buenos Aires press reports that Argentina had assured for itself a favorable decision in the dispute, and that in compensation Chile would be granted some territories in the continental glacier zone, which is also under dispute.

"The two areas are being considered in an absolutely independent manner, and there is no link whatsoever between the conversations or negotiations over the arbitration in Laguna del Desierto and the treaty that was proposed for the continental glacier zone," Figueroa said.

"We are very calm and very confident in the defense Chile has made of its interests before the international tribunal, and what we will do now is wait for the decision," the minister added.

He said that the decision on Laguna del Desierto is unlikely to be made before the end of the year.

He reiterated that Chile and Argentina have no pending border problems, recalling that in October 1991 the presidents of the two nations resolved 22 of the 24 border disputes.

On that occasion, only the Laguna del Desierto dispute was left unresolved, and it was decided to submit the matter to arbitration, while a solution—which must be ratified by Congress in the two countries—was reached for the continental glacier zone.

He added that the Peace and Friendship Treaty that the two countries signed in 1984 has mechanisms for finding consensus solutions through juridical channels for any difficulty that may appear during the ongoing border negotiations.

Figueroa reiterated that Chile had made "a very good defense" before the international tribunal, which is headed by Colombian jurist Rafael Nieto and includes four other Latin American jurists.

The disputed territory in Laguna del Desierto covers a bit more than 500 square kilometers between parallel 62 south [as received] and Mt. Fitz Roy.

Minister Figueroa also announced that on 8 June he will travel to Argentina to start negotiations in search for a formula for a partnership with the Common Market of the South (Mercosur) countries.

Government, EU Reach Agreement on Apples, Pears

PY2605164994 Madrid EFE in Spanish 1708 GMT 25 May 94

[Excerpt] Brussels, 25 May (EFE)—Chilean Agricultural Minister Emiliano Ortega said today that the agreement reached with the European Union (EU) to export apples and pears "will allow higher" prices to enter the European market and alleviate "the high tariffs" affecting Chilean fruits.

"This agreement is extremely important, as it inaugurates a more normal relationship with the EU," said Ortega, after signing the agreement with Rene Steichen, European agricultural official, at the EU headquarters in Brussels.

The agreement reached last week in Brussels is temporary, until the commitments of the Uruguay Round of the GATT talks—which are improved in this agreement—go into effect in 1995.

Chile promised to immediately withdraw the charges submitted to GATT against the European Community regulation on the importation of apples and pears with reference prices and compensatory rates penalizing the low price imports.

As a result of the Chilean-EU agreement, the tariffs Chile had to pay on its exports of apples and pears have been reduced by half. Therefore, the current tariff of 6 percent for apples drops to 3 percent and the tariff of 4 percent for pears drops to 2 percent.

The agreement also established that the entrance price of these fruits can drop to 12 percent (it is currently 8 percent) below the European reference price without receiving the penalty of the highest EU tariff (54 percent), but rather a lower tariff of 11 percent.

The basis to be taken into account for the overall calculation of the entrance prices of apples and pears into the EU will also be 60 percent of the total amount at the lowest sale prices, instead of the current 30 percent.

In addition, after Chilean apples' absence from the price list on the European market for four days (instead of the current six), the compensatory rate will be eliminated.

Steichen expressed his satisfaction over a "friendly solution" having been found to this conflict, which began in September 1993 when Chile decided to file charges. [passage omitted]

Colombia

Medellin Militia, Government Sign 'Peace Treaty'

PA2605220194 Santa Fe de Bogota Inravision Television Cadena 1 in Spanish 1730 GMT 26 May 94

[From the "National Newscast"; speakers identified via captions]

[Text] Today, 650 Medellin Commune militiamen turned in their weapons. A peace treaty was signed a few minutes ago with the government following five months of negotiations.

The ceremony for the signing of the peace process that involves 650 militiamen from three groups in this city is going on right now at El Granizal Playground of Medellin's Nororiental Commune. There are thousands of people at the playground. They are the guarantors that the peace process that begins today becomes a reality. The militiamen will turn over their weapons as soon as the government minister and the governor of Antioquia arrive. They will deliver 150 weapons and at the same time they will become part of a process in which they will work for the community.

[Begin Medellin Mayor Luis Alfredo Ramos recording] The national government has the commitment of contributing to the continuation of this process, to a permanent presence in the process, and to a continuous evaluation of the process to insure its continuation. [end recording]

The process that concludes in Medellin today is the beginning of a new one which involves a dialogue with five other militia groups in Medellin.

Early this morning, Revolutionary Armed Forces of Colombia [FARC] militants who chose not to participate in this process protested by carrying out terrorist activities in Medellin. Eight urban buses were set on fire in several parts of the city, causing losses amounting to 120 million pesos. The urban guerrillas have threatened transport owners and have paralyzed 20 percent of the transportation services to the downtown area. The situation returned to normal around 1000.

The militiamen who did sign the agreement are optimistic. With the agreement, they secured not only guarantees that their lives will be respected but also committed the state to making social investments in the communes. During the past five months of direct conversations with the state, the 650 young Medellin militiamen promised to turn over their weapons in exchange for social investments. This is what they secured:

[Begin reintegrated militia man Felipe recording] The creation of the Technological Institute, the [words indistinct], the creation of the Carpinelo Health Center. [end recording]

In addition to this, the national government must create more health centers, a human rights office, and family offices, and it must improve education centers and control the creeks in the Nororiental Commune. During the next two years, the reintegrated militiamen will earn 150,000 pesos monthly, will receive loans for 3.5 million pesos for mini enterprises, will have a two-year insurance policy, and militiamen in prison will be pardoned. The church will employ 50 of them in church social work.

[Begin Father Hector Fabio Henao recording] The militia's citizen security work, which includes providing security to some neighborhoods, has been acknowledged. They also won something else that is very important: They can become a political alternative and they also can be a tool for making social well-being and investments available to the communities, if they remain in the framework of democratic participation and if they are able to open communications channels with the communities, as is expected. [end recording]

But the big and new reward of the militia agreement is that it definitely sets in motion the law that created the Cooperatives for Community Protection. The young militiamen will now use their weapons with the blessing of the state to protect their neighborhoods.

The Adult Education Center of Santa Cruz Neighborhood will be the main headquarters of the Cooperatives for Community Protection. From this center, 300 young persons will patrol six zones of the Nororiental Commune. They will wear a uniform and carry a weapon. The people will continue calling them The Boys. Starting today, they will show their faces and everybody will know their names.

[Begin cooperative Director Diego Restrepo recording] Our men are trained to handle any kind of weapon. Now that we have become legal, we have to behave in line with different guidelines and must have a change of attitude. We are going to work with a different strategy. [end recording]

They have taken seven months of human relations and community work courses. They will take care of the streets of six neighborhoods of the Nororiental Commune, the same streets they used to protect when they were militiamen.

[Begin commune leader Juan Sepulveda recording] The state has legalized the protection of these neighborhoods by creating a protection corps. These young people will be under the control of the Private Protection Superintendency. We are going to know how many young people there are, in what zones they work, what kind of weapons they have, and what kind of identification markings they and their vehicles have. [end recording]

They will work together with the police. They will support each other. The community gave them a location to set up their headquarters. Some neighbors still have their doubts.

[Begin Luiz Mila Taboada recording] Some people trust what they see and what the militia people will do, but other people just do not believe and are afraid. [end recording]

This will be the country's largest protection cooperative. It will be supervised by the townspeople and The Boys trust. From now on, they will not have to scrawl the names of their dead on the walls of the neighborhoods.

Opposing Groups Burn 10 Buses in Medellin

PA2605144994 Santa Fe de Bogota Emisoras Caracol Network in Spanish 1200 GMT 26 May 94

[From "Caracol's 0600 to 0900" newscast]

[Excerpts] Early this morning terrorist groups opposed to the peace agreement scheduled to be officially signed today at approximately 1100 in the Granizal section of Medellin set fire to approximately 10 buses, causing damage amounting to 115 million pesos. The peace agreement is between the government and 600 militia members of Medellin's northeastern and northwestern communities. [passage omitted]

With the support of the Army and the police, urban bus services are gradually being restored to Medellin and the surrounding communities. Currently the Granizal area is cordoned off and heavily militarized. After 1000 this morning in Granizales, during an event led by Government Minister Fabio Villegas Ramirez, the peace agreement will be signed by three of Medellin's five popular militias. This translates into the demobilization and disarmament of approximately 650 men from the three armed groups.

[Paris AFP in Spanish at 1318 GMT on 26 May reports that three taxis and 10 buses were burned. No injuries or fatalities were reported. The report says that bus service in Medellin has been drastically reduced because of fear among bus drivers and owners that their vehicles might be targeted, adding that authorities believe that the escalation of guerrilla activities is related to the 29 May elections.]

Valle Drug Group Consolidates Power, Report Claims

PA2605172194 Santa Fe de Bogota EL TIEMPO in Spanish 23 May 94 pp 1, 11a

[Text] In the last three years, part of the fortune of the Valle drug lords has been invested in giving financial support to a number of Colombian political leaders.

This affirmation is contained in a report on Colombian drug trafficking given to Italian authorities by Fernando Brito, director of the Administrative Department of Security [DAS], two weeks ago. The report claims that after the dismembering of the Medellin Cartel, the Valle mafia has consolidated its power to such an extent that it controls 75 percent of all drugs shipped from Colombia to the U.S. and European markets.

The report says that in the last decade other organizations have created veritable industries in which departmentalized networks are involved in the process of obtaining raw materials, processing, internal transportation, and international drug trafficking. The fortunes of these organizations have infiltrated the construction industry, drugstore chains, radio stations, automobile dealerships, department stores, factories, banks, sports clubs, and even investment firms.

The report claims that the drug trafficking organizations run a large number of offices in the United States and Europe that handle hard currency derived from drug trafficking. However, the Valle mafia is outstanding because of a "managerial organization with business criteria and decentralization." The report states that at present the Valle drug lords are not participating in cocaine exports but that they receive a percentage of the shipments of other drug traffickers for the use of distribution routes and networks under their control. The analysis indicates that complementing the support of political leaders, a large part of drug trafficking money is invested in real estate; another part is exchanged into pesos; and another large part is deposited in international banks abroad. Following that order, the report says, the money sent abroad is funneled toward the creation of new front companies for drug trafficking operations or into high yield investments in the stock market.

Other organizations have a marked tendency to launder money through fictitious exports using official documents and dummy corporations that act as customs agents in the transfer of money to Colombia. Currently the organizations have expanded their drug trafficking networks abroad and are investing capital in casinos, real estate firms, travel agencies, and night clubs in various countries in Europe. Thus, drug money has been detected in Spain, Luxembourg, Italy, Germany, Belgium, Holland, and even in Russia.

Other drug cartels send money orders and money transfers through agencies in charge of cashing foreign checks and receiving foreign payments. It is difficult to trace money derived from drug trafficking in these types of operations. In internal drug trafficking, the cartels use eight departments to ship drugs to the drug distribution centers abroad.

Bank Secrecy Lifted in Attorney General Investigations

PA2505184994 Santa Fe de Bogota Inravision Television Cadena 1 in Spanish 1730 GMT 24 May 94

[From the "National Newscast"]

[Text] Beginning today, bank secrecy will be rescinded in cases involving officials under investigation by the Attorney General's Office. An agreement signed by the Banking Association and the Attorney General's Office is designed to cut investigation time by more than half.

This agreement will allow authorities to expose current and former corrupt officials who grew rich illegally by taking advantage of their positions. Until now, the release of banking information on customer transactions was banned.

[Begin Attorney General Carlos Gustavo Arrieta recording] By way of this agreement, they will not only provide us with information in a timely manner, but they also will participate in its analysis to help us understand the flow of assets [evolucion patrimonial] and the origins of an individual's resources. [end recording]

From now on, every bank, savings institution, and other financial institution must, as soon as possible, provide all information the Attorney General's Office needs to uncover illegal enrichment. Meanwhile, the financial institutions think this measure is nothing new and that the document is merely a commitment to expedite procedures already in place.

[Begin Banking Association President Cesar Gonzalez Munoz recording] I must stress that this is nothing new. Bank secrecy is not being lifted, because this was done years ago in cases involving investigations by the Attorney General's Office. [end recording]

In 1993 and so far in 1994, the Attorney General's Office has conducted more than 72 investigations into illegal enrichment cases involving some 5 billion pesos. The subjects of these inquiries are officials working in customs, mayoral and gubernatorial offices, aeronautics, police services, and the Army.

'Unprecedented' Election Security Measures Planned

PA2605045094 Santa Fe de Bogota Emisoras Caracol Network in Spanish 1200 GMT 25 May 94

[Report by Manuel Monsalve from "Caracol's 0600 to 0900" newscast]

[Text] The Armed Forces will take unprecedented security measures throughout the nation on Sunday to guarantee the presidential elections. Defense Minister Rafael Pardo Rueda told the Caracol Network that almost all municipalities will be under public force surveillance.

[Begin recording] [Pardo] The Armed Forces have decided to bolster forces. There is no zone in the country where elections cannot be held.

[Monsalve] Have you uncovered any specific terrorist plans for this weekend?

[Pardo] People will be able to vote in all zones. We have no information that Colombians will not be able to vote freely for whomever they choose in any zone of the country. [end recording]

Paraguay

Wasmosy: 'Will Do My Utmost Not To Dissolve Congress'

PY2605222894 Madrid EFE in Spanish 1618 GMT 26 May 94

[Text] Buenos Aires, 26 May (EFE)—Paraguayan President Juan Carlos Wasmosy has said: "I will do my utmost not to dissolve Congress." A similar statement was once made by Peruvian President Alberto Fujimori.

Wasmosy made this remark during an exclusive interview with the Buenos Aires newspaper AMBITO FINANCIERO. Wasmosy said the Congressional Committee on Illegal Activities "puts its foot in its mouth so often it has totally lost credibility."

The Paraguayan president noted that Fujimori "strengthened democracy" in Peru and expressed hopes that "the Paraguayan people will mature."

Wasmosy said: "Part of the labor movement believes in violence and makes demands they know cannot be granted."

Wasmosy added that the appearance of a guerrilla movement in Mexico and the people's rebellions in Paraguay and Argentina "are part of the same plan."

He said former Uruguayan President Julio Maria Sanguinetti handled the democratic transition in Uruguay "better" than Raul Alfonsin did in Argentina.

Juan Carlos Wasmosy said the peasant rebellion is part of an ultra-leftist campaign and that the Paraguayan military "have adapted to democracy even though no one wants to admit it."

"We reduced the number of generals from 62 to 38. Congress stripped them even of their food coupons and reduced everything they had," Wasmosy said referring to his policy to reorganize the Armed Forces "without losing the chain of command or discipline."

The Paraguayan president said labor leaders "know" the government "cannot give them a 40 percent salary increase because it would mean 40 percent inflation."

Wasmosy ratified the Paraguayan commitment to the Common Market of the South (Mercosur) which his country is implementing with Argentina, Brazil, and Uruguay.

"There is no path other than integration, unless someone shows me something better," the president stressed, adding that he rejected labor leaders' requests to withdraw from Mercosur. He added: "This does not mean I will jump into an empty swimming pool and kill my country with me."

Wasmosy said Paraguay supports the coordination of Mercosur member countries' economic policies. "We must find a way to understand the problems facing Brazilians without ruining Argentine industrialists," Wasmosy added.

The president said that during the Alfonsin administration (1983-89), "there was a reaction against the Argentine Army" following the repression of guerrillas which resulted in some 9,000 deaths, according to official figures.

"If the military did not do what they did, Alfonsin could not have done what he did, and President (Carlos) Menem could not have consolidated the Argentine economy," Wasmosy stressed.

Uruguay's Abreu Signs Pact on Stolen Cars, Departs

PY2605151994 Asuncion ABC COLOR in Spanish 26 May 94 p 14

[Text] According to a joint declaration signed yesterday afternoon by Foreign Ministers Luis Maria Ramirez Boettner and Sergio Abreu Bonilla, Paraguay and Uruguay have begun to negotiate an agreement, which should be signed as soon as possible, establishing the two countries' reciprocal assistance in recovering stolen cars. The signing of this document will contribute to repressing this illegal activity, and will help speed up the process of returning stolen cars.

The joint declaration was signed at the Foreign Ministry. It was the Uruguayan foreign minister's last official

activity in Paraguay. Abreu is scheduled to return to his country this morning after a 3-day official stay in our country.

In the joint declaration, the foreign ministers also recognized the increase in the consumption rate and illegal trade in narcotics, which constitutes a grave threat to our peoples' health and well-being and obligates all nations to share in the responsibility of repressing it.

The ministers ratified the importance for the two countries—in the context of the Parana-Paraguay waterway—of the work to eliminate existing obstacles to the effective use of port facilities granted to Paraguay in Montevideo and Nueva Palmira. Port authorities and operators from the two countries will meet in Montevideo during the second half of July.

The Uruguayan foreign minister returns to his country on a private plane at 0900 this morning.

Foreign Debt Drops 1.4 Percent Compared With 1993

PY2605233894

[Editorial Report] Asuncion ULTIMA HORA in Spanish on 17 May publishes on page 20 an unattributed 300-word article on the Paraguayan foreign debt's current standing. The article says: "According to an official report by the Technical Planning Secretariat, Paraguay's foreign debt totaled $1.2316 billion during the first quarter of 1994, which represents a 1.4 percent reduction compared with the first quarter of 1993."

Peru

Colombian Drug Cartel Planes Destroyed; Crew Escapes

PY2605132094 Madrid EFE in Spanish 0205 GMT 26 May 94

[Text] Lima, 25 May (EFE)—Peruvian military planes have intercepted two small Colombian planes in the department of Ucayali, in the Peruvian jungle, forcing them to land, police sources reported today.

The two small planes, which were intercepted by Peruvian Air Force planes, landed at an illegal airstrip in the Boca Apua zone and were set on fire by the crew, after which the alleged drug traffickers escaped into the jungle.

Military troops and two judges later went to the illegal airstrip and destroyed it [as received], the sources said.

The illegal airstrips in the Peruvian jungle are used for the landing and takeoff of light planes from the Colombian drug "cartels," which pick up cocaine base shipments produced by Peruvian drug trafficking gangs.

MRTA Allegedly Protect Foreign Drug 'Firms'

PY2605182794 Lima EXPRESO in Spanish 18 May 94 p A11

[Text] The terrorists who attacked an Army helicopter in Quebrada Pena Blanca (Chanchamayo) on 12 May may be members of an MRTA [Tupac Amaru Revolutionary Movement] column that protects some five "firms" of drug traffickers operating on the outskirts of the jungle in that region. This was asserted by Interior Ministry intelligence sources, according to which the terrorists allegedly come from San Luis de Shuaro.

The terrorists belong to one of the MRTA columns that have lost their slight ideological tint, and are surviving as a mercenary group protecting a Mexican "firm" that is allegedly trying to grow poppy plants in the surroundings of Sanchirio, Alto Batinaki, Santa Herminia, and on the banks of the Paucartambo River near Villa Rica.

This, however, is not the only organization of foreign drug traffickers: Colombian and Bolivian drug traffickers operate in the region in cahoots with Peruvian traffickers.

Intelligence experts maintain that this MRTA column, and those located on the outskirts of the Satipo (Junin) and Oxapampa (Pasco) jungle, enjoy the compulsory help of peasant and indigenous communities, whose leaders and heads of family are forced, under threats of death, to cultivate coca leaf, marijuana, and poppies. They are also forced to produce washed cocaine paste, which provides the MRTA with a significant income.

According to information obtained from peasants in Villa Rica, 500 kg of washed cocaine paste are shipped to Colombia each week. This represents an income per shipment for the terrorists of approximately $225,000, taking into account that the drugs are sold at $1,800 per kilo and the terrorists collect 25 percent of the total amount.

As for the "political military" organization of that terrorist group, the analysts believe the MRTA Central Regional Committee has lost its geographical domain. In other words, it no longer has the same control it used to exercise in Pasco and Junin, and only survives due to its link with drug traffickers.

Another source of income is allegedly the protection fees the MRTA members charge merchants, businessmen, and passengers travelling through San Francisco, Esperanza, Miraflores, and Villa Rica in Oxapampa (Pasco).

'War Duties' Used To Finance Overseas Links

PY2605232994 Lima EXPRESO in Spanish 13 May 94 p A10

[Text] Business people throughout the country and drug traffickers from the Upper Huallaga pay MRTA [Tupac Amaru Revolutionary Movement] approximately $5 million per year in "war duties," according to documents

confiscated from Emilio Villalobos Alva, "Comrade Polo," a MRTA national directorate member recently arrested by Dincote [National Counterterrorism Directorate].

According to what Villalobos Alva told Dincote agents, currently approximately 50 powerful Peruvian businessmen and industrialists and 200 medium-size merchants are on MRTA's computerized list of those who paid from $100 to $400 per month.

Operation Alacran III—during which Divicote-2 [Dincote 2d Division] agents found MRTA strongholds in Lima, Barranca, and Arequipa—however, revealed all this information and radically cut the resources MRTA received from Peruvian business people through either blackmail or abductions.

In the meantime, MRTA terrorists continue to receive money from drug traffickers in Upper Huallaga, whom they protect when transporting drugs from one place to another or when shipping drugs abroad.

According to our sources, Comrade Polo's confessions, and an assessment of the documents and archives the Divicote-2 agents confiscated from MRTA strongholds revealed that the money was distributed as follows:

Part of it was deposited in bank accounts in Paris, France, where Hugo Avellaneda Valdez, Comrade Eloy, lives. Avellaneda Valdez, MRTA international coordinator, is in charge of distributing the money together with other MRTA leaders living abroad and with leaders of the MIR [Movement of the Revolutionary Left] international wing. Deposits are made by computer via "modems," which were seized at one MRTA stronghold raided by counterterrorist agents.

As we reported some days ago, the MIR international wing is financed by contributions from American and European terrorist groups, to whom they send weapons and highly trained subversive elements in military tactics.

Another part of the money is withheld by the terrorist leaders in Lima to pay foreign—Chilean—terrorists for the crimes committed together with MRTA and for the logistics apparatus that was run by terrorist Ramos Edison Loayza Alferez (arrested).

This group used the money to buy or rent houses used as strongholds; to purchase vehicles, weapons—brought from abroad, computers, faxes, and communications equipment; and to set up clandestine workshops to make military or police uniforms.

Goldenberg Discusses Ibero-American Summit Issues

PY2705031394 Madrid EFE in Spanish 1812 GMT 26 May 94

[Text] Lima, 26 May (EFE)—Peruvian Foreign Minister Efrain Goldenberg said today that trade, integration, investments, and social issues are the basic issues that should be discussed at the fourth Ibero-American Summit to be held in Cartagena de Indias (Colombia).

Goldenberg, who is also Peruvian prime minister, said cooperation in the drug enforcement and antiterrorist areas are other important issues that must be discussed at the Ibero-American presidential summit to be held in June.

He added that the overall political agenda also should broach the subjects of limited arms spending and renewed support for the prompt signing of an agreement banning nuclear tests.

Goldenberg told EFE: "Peru is willing to discuss and find common viewpoints on all these issues and others that may come up during the negotiations."

He later stressed the importance of the Ibero-American summits and added that all the ones held so far—in Mexico, Spain, and Brazil—"have strengthened ties between our peoples and governments and have helped us to better understand our situations and potential."

Goldenberg added that this is also true of the financial system and that "our increasing trade in Europe should be viewed as a natural result of this." The Peruvian foreign minister said trade will be one of the main issues to be discussed at the Cartagena de Indias summit and this will allow us to continue improving in this area.

Goldenberg believes that instead of adopting joint positions on priority issues—such as democracy, poverty and social development, integration, investment and trade—for the upcoming Presidents of the Americas Summit to be held in Miami by the end of the year, Ibero-American countries should try to perfect their viewpoints.

He said Ibero-American and Caribbean countries have been holding informal discussions in this regard within the Rio Group and that he believes it will be "interesting and useful" to exchange views at the fourth Cartagena de Indias summit.

Goldenberg said he believes regional integration processes will be able to develop when it is understood that in principle the integrationist model is not the same as before, that it is not conceived as a means to protect inefficiency "or even less to artificially subsidize closed markets."

He said: "The issue in question now is to compete in international markets. To achieve this we need open and free integration mechanisms, and this will be viable when macroeconomic and national policies are sufficiently harmonized."

Roundup of Economic Reports

PY2605232294

[Editorial Report] The following is a compilation of reports on economic activities monitored through 26 May.

The Peruvian-Russian Yugansk Petro-Andes Inc. consortium will invest $10 million in oil exploitation in the Titicaca Basin and in the country's southern Andean area. This announcement was made by Carmen Alva de Benavente, the consortium manager in Juliaca. The first drilling will be in Canchi Chico, San Antonio District, Puno Department. (Lima LA REPUBLICA in Spanish 14 May 94 p 9)

The National Commission for Foreign Investments and Technology reported that foreign investment in Peru will total $3.629 billion through 30 May, a 100 increase compared to late 1993. The privatization of the Peruvian Telephone Company and the National Telecommunications Enterprise of Peru accounts for $2.002 billion of the investments. (Lima EXPRESO in Spanish 17 May 94 p A3)

Energy and Mines Minister Daniel Hokama reported that current gold production rose to 25 metric tons per year. He said Peru plans to become the leading country with a production of more than 100 metric tons of gold per year. He noted that in the past two years, private investors have asked for authorization to prospect in more than 5 million hectares. They are RTZ of Great Britain, Angloamerican of South Africa, Cambior and Cominco of Canada, Newmont of the United States, and Shougang of China. (Madrid EFE in Spanish 1845 GMT 23 May 94)

Venezuela

OCI Director Denies Rumors of Cabinet Changes

PA2605150494 Caracas Union Radio Network in Spanish 1100 GMT 26 May 94

[From the "Union Radio News" newscast]

[Text] Guillermo Alvarez Bajares, Central Information Office [OCI] director, has said that, so far, the alleged removal of ministers from the executive cabinet are merely rumors, which must be denied because there are no official statements about it; in other words, the government is denying the continuous rumors on an alleged cabinet reshuffle reportedly planned by President Rafael Caldera. Vicente Briceno has the story:

[Begin recording] [Briceno] Alvarez reported that Transportation and Communication Minister Cesar Quintini Rosales still heads that ministry, but Quintini, who was at Miraflores Palace apparently attending a Council of Ministers meeting on 25 May, refused to deny reports of his alleged removal from the cabinet. Alvarez noted that any governmental change is the decision of the president alone, thereby explaining that ministers are not hired, nor do they buy their posts.

The OCI chief rejected the existence of any ambiguity as a result of the division in the economic cabinet by ironically stating that the only division at the Council of Ministers is Defense Minister Division General Rafael Montero.

[Alvarez] There were rumors on a subject inherent to the president: the change, dismissal, or removal of ministers. No one else can make this decision. Therefore, these are unofficial rumors.

[Briceno] Despite the OCI director's statements, it is a fact that President Caldera could be thinking about revamping the executive cabinet. [end recording]

Minister Discusses Perez Arrest, Other Issues

PA2705034794 Caracas EL GLOBO in Spanish 22 May 94 pp 24, 25

[Report on interview with Interior Minister Ramon Escovar Salom by Luis Vallenilla; place and date not given]

[Text] Interior Minister Ramon Escovar Salom said: "No political big stick has been used against Carlos Andres Perez." Thus, he replied to Gabriel Garcia Marquez, who claimed he was a personal friend of the jailed former president and attributed Perez' current situation to maneuvers by his enemies.

"I acknowledge and respect the opinion of a man like Gabriel Garcia Marquez, but I do not think he has been adequately informed about what has happened in Venezuela," the interior minister curtly replied.

Escovar argues that Perez was tried with all the appropriate guarantees. That trial, he notes, was for embezzlement and misappropriation of funds. "It is not at all true that he was tried because he is a champion of democracy in America. He has not been jailed for the good he has done for democracy but for the harm he has caused the nation," Escovar said.

Escovar believes this trial "stimulates the moral recovery of Venezuela and strengthens democratic institutions."

Remarking that it was the first time that a president in office has ever been tried, Escovar recalled that when he initiated his action against Carlos Andres Perez (11 March 1993), "no one believed it was possible."

"Nevertheless, it was demonstrated that the action I undertook had a solid basis, as evidenced by the fact that the Senate unanimously suspeded Carlos Andres Perez from his post. Now, an arrest warrant has been issued against him with 10 votes in favor of the decision and five against."

The interior minister believes what some are saying, that is, that Carlos Andres Perez accepted his arrest while apparently rejecting privileges as a maneuver to regain credibility and popularity.

"The polls indicate that public opinion is against the former president even while he tries to portray himself as a victim to see if he can generate some support. The Democratic Action Party National Directorate has just excluded him from the party, thereby announcing that his strategy will not work," Escovar noted.

In Escovar's opinion, Perez is not anyone's victim, much less a victim of Escovar's alleged rage. "He is the victim of his own actions. He is only targeting himself for serious abuse when he attempts to personalize the matter by saying that this is a hateful conspiracy against him, not a legal action for embezzlement and misappropriation of funds.

Relations With Colombia

In response to insistent reports that certain Colombian sectors support an armed aggression against Venezuela because the new president will not fulfill Perez' exaggerated promises, especially those involving the Gulf, the interior minister affirmed that relations with the neighboring country "are excellent."

Contrary to the popular opinion that Gaviria's visit was highly untimely (among other reasons, because he is about to leave office), Escovar said: "It was one of the best presidential visits I have seen because it was not an encounter of protocol, rhetoric, or pomp and circumstance; it was a working meeting."

Escovar reiterated that the visit was significant: "Mainly because it stimulates a new climate of trust in the mutual affairs that demand our attention."

In terms of the new climate of trust, the interior minister explained that some people in Colombia believed relations depended on Perez. Perez, he noted, did more harm than good to those relations. Why? Escovar responded: "Because no one in Venezuela trusted the way Perez managed relations between the two states and the two peoples. Now relations are better because no one doubts that the president will manage them skillfully and impartially."

Nevertheless, we told Escovar that the Venezuelan media reported that the meeting with Gaviria concluded with the signing of a document of no importance.

To this Escovar replied: "There is one point which refutes that. The joint declaration signed by the two presidents acknowledged the importance illegal aliens have for Venezuela. It recognizes that Venezuela is absolutely sovereign on deciding who can remain in Venezuela and who cannot."

He added that the importance of cooperation between the two governments in the immigration problem was stressed. "This issue alone justifies the visit by President Gaviria and his team. By the way, there are some very brilliant, top-notch people on that team."

We then mentioned Decree 1911, which allows the registration of children born to illegal aliens. Escovar Shalom commented: "This was a serious, disturbing problem. I have the authority to speak on this because I opposed the decree. I asked the Court to annul it, and I asked President Velasquez to repeal it, which he did."

The interior minister mentioned the ambiguities of the decree. The decree granted more privileges to illegal aliens than to Venezuelans, who, without proper identification, cannot register their children with the vital statistics registrar. "It is not a matter of being against Colombians or anyone from another nation, it is against illegal aliens," he noted.

Escovar was then asked if this irregularity was corrected by repealing the decree. The interior minister appeared somewhat surprised by the question. Although the legal amparo no longer exists, it is still possible that exceptions continue in some cases.

He jots this down in a notebook and says that a memorandum will be sent on the matter, although he does not doubt that children continue to be illegally registered as Venezuelans through irregular procedures such as forging documents.

"Is this one of this government's and the nation's biggest problems?"

Escovar says he has a great interest in confronting this challenge efficiently but that he does not expect miracles. He refers to how from the beginning this government was able to reduce the number of people killed by firearms over the weekend.

"When the Metropolitan Police relaxed, there was a rise in the number of deaths. That is now being corrected.... As interior minister, I have insisted that the police remain deployed on the streets. This means breaking the culture of police inertia and bureaucracy.... If the action is not consistent, the results won't last," the interior minister observed.

But what about poverty and the forgotten neighborhoods where there is not even a training facility for young people?

The interior minister replied: "The problem lies deeper and requires coordinated action in the needy neighborhoods with neighborhood associations and other organizations. We are already doing some of this, but not with the required intensity. There are still many setbacks in coordination. The problem goes far beyond what statistics and the formal appearances disclose. We must get to the bottom of the matter. True progress cannot be achieved without prevention and improvement in the social conditions and without counting on a new, more highly trained police force that is better equipped and has ethical values."

He was then questioned on how the student bus fare issue was finally resolved. He recognized that the subsidy must be maintained but administered in another way. "It must not generate corruption or conflicts," he remarked.

Caldera's Apparent Inertia

Caldera appears to have fallen into inertia. Some say he seems to be playing a solitary game of chess. He is neither seen nor heard, despite what one would expect of him in a situation as difficult as the one the nation is experiencing.

Escovar stated: "The president is attentive to the government. Just because he does not make many public appearances does not mean he is inactive. He is focused on his main obligation; that is, to govern..."

The minister noted that besides, "his attitude contrasts with the verbal hemorrhage [hemorragia verbal] of previous years."

The interior minister denied Antonio Ledezma's charges that now he combats the same hooded individuals he protected as prosecutor general. "I always fought them as prosecutor general. I have told the students this both privately and publicly. As interior minister, I have instructed the police throughout the nation to arrest hooded individuals. The law should be applied to those of legal age and the provisions in the Law on Protection of Minors to minors.

Escovar noted that on several occasions he has spoken with students in his office. Their leaders have been asked to reject the presence of hooded individuals and violence in general.

The students say these people are a minority without any roots, at least not in the university. They claim that they are small groups removed from the student body. At times they are joined by high school students.

"This is the only time that students have come to this office to drink coffee and talk with the minister. I told them a few days ago they should have rejected the people shooting at the police cars just like the government rejected the police officer who killed the student from Fermin Toro school."

Nevertheless, Escovar acknowledged that in the past, the pressure of student and other types of demonstrations had lessened. He believes that if the police have put away their weapons and adopted a tolerant attitude, the students should moderate their impulses and demonstrate in a civilized manner.

Returning to hooded individuals, he again insisted that there is no contradiction between his policy as prosecutor general and his policy as minister.

"The Presidency has regained its majesty with Dr. Rafael Caldera and that is noteworthy. Besides, only three months have gone by, and a government cannot be judged after 90 days, much less amid a crisis as traumatic as this one."

Are changes in the works?

Escovar replies that it is not his place to discuss that. He mentioned, however, a maneuver to generate friction among the ministers and a conspiracy among public office aspirants whose expectations were not fulfilled or who were not chosen for the positions they sought.

"Their goal is to spread all sorts of rumors about the ministers."

He recommends looking at this "conspiracy" from the viewpoint of the local culture, as part of the tropical folklore.

He adds: "Now, the possibility of change always exists."

Rumors (we tell the minister), which recently constituted a very popular and exploited tool, were always a recourse, a weapon of the population.

Escovar notes: "Rumors and gossip are part of communication... Sometimes they are free information bulletins."

Escovar added that the popular media have become more sophisticated. Rumors are not just spread orally, by idle talk, anymore. "Now there is the anonymous fax, a vicious tool being used to publicize all sorts of maneuvers and which does not require many people."

Escovar relates how the so-called "Operation Centaur" was extensively publicized in this way. Those behind "Operation Centaur" claim that Escovar, Jose Vicente Rangel, Rafael Poleo, Radical Cause, and others plotted to destabilize bankers and businessmen to set up a communist regime in Venezuela.

And what is the source of that campaign and those strange charges?

"Rumors such as those circulated by 'Operation Centaur' preceded the arrest warrant against Perez. It is obvious that there are certain interests and persons who dislike my being interior minister."

That Cancer Called the Sectorial General Directorate of Identification and Control of Foreigners [Diex]

Escovar said that as for the Diex, strict measures are being taken. "We need to clean house, to begin and conclude a clean operation." With this goal in mind, he has given specific and categorical instructions to the new Diex directors.

The operation has begun with immigration officials and includes an investigation to determine the origins of several falsifications and the forgery of documents used to legalize visas, residence permits, and other transactions.

"The Diex, as it currently operates, does not defend Venezuela's national sovereignty." Escovar adds: "I am willing to take action against all those people." He explains that it is not an easy task, but it will be undertaken, even if most of the staff has to be changed." [no opening quotation marks as published]

Presidential Aspirations

Ramon Escovar Salom, who has been minister four times (twice under Carlos Andres Perez himself) and former ambassador to France, was constantly mentioned as a presidential hopeful while he was prosecutor general.

"When some groups offered to promote my candidacy, I understood that the time was not right. I did not agree to run for first senator of the Federal District, either, and decided to remain as prosecutor general."

He recalls that many insisted he was doomed to fail when he became prosecutor general. His opponents now make similar or worse predictions, perhaps because people know he acts independently and fear he will unveil a few crimes.

Let me remind you of the failure of many other interior ministers. Right now, one of them is in prison with Carlos Andres Perez. "But I am not the executor of other people's failures... Those who are dying to see me fail as interior minister will be disappointed. This applies to those I call the authors of the bogeyman."

Does that mean you are not afraid that the position will wear you out?

"Before they claimed I was preparing my presidential campaign, now they say I am burying it because I accepted this ministry."

What do you think?

"Conjectures do not always match the facts. The well-worn expression neither one nor the other but quite the opposite comes to mind."

He recalled that in addition to the offers to run for president or senator, he was offered the post of international prosecutor (the equivalent of UN under secretary general, with a $14,000 salary) to try Yugoslavian war criminals.

"It was not like I did not have anything better to do, but I believed my duty was to stay here and accept President Caldera's offer.

What is your goal?

"That is unpredictable. Just remember how Christopher Columbus sailed for the East and ended up reaching the West."

But is that the way to reach the presidency?

"It is not necessarily a way, but it is not an obstacle, either."

Inflation Rate Increases; Worst Rate in Andean Pact

PA2705020594 Caracas EL NACIONAL in Spanish 22 May 94 p E2

[Report by Adriana Cortes]

[Text] Venezuela emerged as the sole exception to a Cartagena Agreement Board [JUNAC] report that adjustment programs applied by the five Andean countries over the past five years had positive macroeconomic results. In terms of the annual inflation index, Venezuela registered the highest price level and was the only country to maintain such a high index. Colombia, Peru, Bolivia, and Ecuador experienced a decrease in inflation.

According to the latest JUNAC figures, which were released prior to the commemoration of the 25th anniversary of the Andean Pact, Venezuela showed negative economic indicators last year, unlike the other four Andean countries. In 1991, the entire Andean Group registered an average inflation rate of 63 percent, with Peru and Ecuador showing the highest. At the end of 1993, the average rate was 33 percent, with Caracas showing the highest.

In 1993, Venezuela's inflation rate was 45.9 percent, followed by Lima with 39.5 percent, Quito with 34.8 percent, Santa Fe de Bogota with 23 percent, and La Paz with 8.5 percent. This situation represents a complete reversal from previous years. All the Andean countries except Venezuela showed decreasing inflation rates in 1992.

Venezuela's inflation rate eliminates one of the country's positive macroeconomic indices compared with the rest of the Andean Group, that is, per capita income. Given Venezuela's status as a petroleum producing country with a medium population, its per capita yearly income of $3,777 is the subregion's highest, followed by Colombia with $1,472. inflation negatively affects this indicator, however.

As for GNP, Venezuela is the only country in the subregion showing an economic decrease of one point against positive figures of seven points in Peru, 5.2 in Colombia, 3.2 in Bolivia, and 1.7 in Ecuador.

Regarding agricultural GNP, Venezuela is the only Andean country with a negative index of 5.9 percent, while Peru shows a positive 6.8 percent, Bolivia 5.4 percent, Colombia 2.7 percent, and Ecuador 1.3 percent.

Until 1993, Venezuela was the indisputable leader in net international reserves with $8.324 billion, followed by Colombia with $7.901 billion, Peru with $2.701 billion, Ecuador with $1.254 billion, and Bolivia with $371 million. That positive figure, however, will probably

radically affect JUNAC's predictions because the financial crisis the country has been experiencing since January has greatly decreased international reserves.

Other aspects favorable to Venezuela are exports and the commercial balance, with the country registering the highest surplus in the subregion, $3.582 billion, as a result of its petroleum producing and exporting status. Only Ecuador, another oil country, shows a positive index of $439 million. Colombia shows a deficit in its commercial balance of $2.841 billion, Peru shows $626 million, and Bolivia $455 million.

According to a preliminary JUNAC economic analysis of the subregion in general, the Andean Pact member countries have grown at an average rate of 5.3 percent. This figure is higher than the Latin American average, which grew by more than 3 percent, and even higher than that of developed countries, which grew at an average of 2 percent annually.

"By applying adjustment programs, the Andean Pact member countries have successfully controlled their inflation rates, which in the past few months have been close to 1.5 percent monthly, significantly lower than the 5.3 percent registered in 1991. The member countries have solved foreign debt problems, restored foreign credit standing, and improved their social indicators," the document states.

The document also emphasizes the internal integration process. The establishment of a free trade zone in the past few years increased trade by more than 100 percent from 1989 to 1993. In December 1993, trade amounted to $2.886 billion, a 30 percent increase over the 1992 figure.

In addition, when the negotiations with Mexico conclude in the framework of the Group of Three, negotiations intended to include the other Andean countries, the potential market will be doubled, reaching 200 million consumers. The Andean countries will coordinate their positions at the Uruguay Round, particularly regarding the negotiation of goods and agricultural and institutional issues.

Minister Rejects Firearm Use To Quell Protests

PA2605130094 Caracas Union Radio Network in Spanish 1100 GMT 23 May 94

[Report by Maria Yolanda Garcia from the "Union Radio News" newscast]

[Text] Sunday, Interior Relations Minister Ramon Escovar Salom announced that the Vagrancy Law will continue to be enforced until a civil security law is approved. The interior minister visited Metropolitan Police Headquarters, where he was welcomed by Police Commander General Orlando Hernandez Villegas. The objective of the visit was to exchange views on the failures and successes in the struggle against increasing criminal activity in Caracas.

Escovar Salom explained that although he opposes the way in which the Vagrancy Law is being implemented, it is necessary to continue enforcing the law as long as a civil security law is not approved.

[Begin Escovar recording] As interior minister, I would like to express my complete support for the Caracas police, as well as my support for the governor and mayor of Caracas in their handling of urban security issues. As you all know, up to several weeks ago, the level of gun-related violent crimes was down. But then these kinds of crimes soared, continued to rise, and then began to drop off again. Most of all, I want to know what will be done this weekend, and how it will be done, in order to understand the shortcomings and to determine what adjustments should be made.

I have invited the Federal District governor to a meeting to reach an understanding on this issue. I am aware that you are all interested in asking me about the use of firearms. I imagine this is one of the main issues of concern, the other being related to what is going to be done with the neighborhood scourges—those individuals involved in violent crimes in Caracas and who represent a danger to the people.

As long as a new law is not approved, the Vagrancy Law will remain in effect. Personally, I do not like the Vagrancy Law. Nevertheless, there is no other option but to depend on this law as long as Congress does not approve a civil security law. Meanwhile, there will be a need to enforce the Vagrancy Law. [end recording]

The interior minister also expressed his opposition to the use of firearms to quell demonstrations. Escovar Salom indicated that any officer of the Metropolitan Police or any other police division that takes part in controlling demonstrations must abstain from using his weapon to control student activities.

[Begin Escovar recording, in progress] ...if there are shortcomings in the actions of the Metropolitan Police or any other police officers. Another issue I would like to explain is related to the use of firearms. I cannot endorse the indiscriminate use of firearms by police. This cannot be tolerated in any country. In other words, the police can use their weapons only in accordance with standard regulations. This is why these weapons are described as service weapons. In no way does this sanction police to use their firearms indiscriminately against protesters. In other words, we need to implement guidelines similar to those used in other countries governing police actions.

On the other hand, we cannot have a police force that is restricted, unprotected, and without room to maneuver. It is impossible for police to conduct themselves like timid rabbits. They must have mechanisms that allow

them to exercise their duties whenever necessary. This entails specialized training for them in the area of respecting individual rights. We want neither a police force that intimidates, nor one that is weak. [end recording]

Escovar also indicated that he had information related to the likelihood of a food blockade in the metropolitan area, which could result from the current strike by Coche Market workers. He said he recently met with Caracas Mayor Aristobulo Isturiz to discuss measures necessary to prevent difficulties or inconveniences from affecting the population.

In addition, the interior minister indicated that measures were also being taken to transfer those individuals suspected of criminal activities to the El Dorado and (Igorro) Prisons in Valencia. Both prisons are now undergoing renovations.

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